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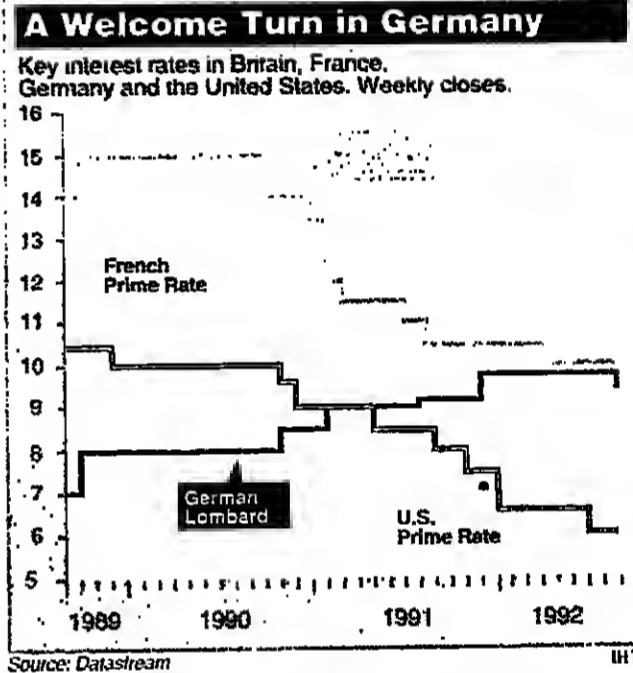
Traders on the Milan stock exchange shouting orders Monday, as the Bundesbank's rate cuts pushed up prices on European markets.

Rate Relief From Germany Lifts Stock Markets and Dollar

By Carl Gewirtz International Herald Tribune Stock markets surged Monday and the Deutsche mark tumbled, particularly against the dollar, as the Bundesbank lowered its interest rates for the first time in four years. In Europe, the rally in stocks was restrained by disappointment at the size of the cut. But in New York, investors saw the reduction in German rates as the first in a series that would reinvigorate the world economy, and the Dow Jones industrial average soared 70.52 points, or 2.1 percent, to close at 3,376.22. It was the year's biggest gain for the blue chip barometer. Analysts said the German central bank's move had at least temporarily helped to ease tensions that have been running high in the past month in the foreign exchange market. Indeed, the action led to similar rate cuts in some other European countries. But the somewhat ambivalent market reaction was summed up by Germany's economics minister, Jürgen Möllemann. He welcomed the reduction, which trimmed the discount rate by a half point to 8.25 percent and the Lombard rate by a quarter point to 9.50 percent, but said there was "scope" to cut interest rates further. The dollar, which traded as high as 1.51 DM in Asia, fell back after the Bundesbank announced the size of the rate cuts but still stabilized. Italian business leaders criticize the government for devaluing the lira without curing the budget deficit. Page 11. Global stock markets also rallied, with gains ranging from around 4 percent in Frankfurt and Paris to 2.2 percent in London. The German rate cuts were "long overdue, and there's some measure of disappointment they weren't greater," Allan McKenzie, investment director at Scottish Widows Investment Management Ltd. in Edinburgh, told Bloomberg Business News. "Now we seem to have got to the point of perhaps confirming that interest rates have peaked," he said.

Some Wish the Cuts Had Been Bigger

By Tom Redburn International Herald Tribune PARIS — The Bundesbank's decision to cut German interest rates by only a modest amount failed to clear away the dark economic clouds that hang over Europe, analysts said Monday. Indications that Germany suddenly was willing to relax its tight monetary grip were greeted with initial euphoria. But doubts quickly returned over whether the cut, along with Italy's devaluation of the lira, went far enough to relieve pressures that could easily build up again on European exchange rates. "Europe is still in a very difficult spot," said Norbert Walter, director of economic research at Deutsche Bank in Frankfurt. "The Bundesbank has demonstrated it is interested in a cooperative solution for Europe's economic problems, but these steps probably are not enough to correct the imbalance." John Begg, an economist at Allied Irish Banks in Dublin, said: "The markets are a bit disappointed, judging by what has happened to the dollar and sterling. It is not enough to stave off the pressure on the ERM." He was referring to the exchange rate mechanism that links all EC currencies except that of Greece. Despite a certain sense of disenchantment that followed the German rate cut, European officials hailed it nonetheless as a significant first step in the right direction. After four years of rising interest rates, said the French finance minister, Michel Sapin, "the era that is beginning is an era of falling rates." Moving quickly to exploit the unexpected help from the Bundesbank, the French government dangled the prospect of lower interest rates before its own voters to encourage them to support the Treaty on European Union in France's referendum on Sunday. "It's up to the French next Sunday to confirm — to build on — this prospect for lower rates or, on the contrary, to choose not to do so," Mr. Sapin said. "Only a 'yes' in this referendum will let France put itself squarely on the road to lower interest rates." But with the timing and extent of further interest rate cuts still in doubt, analysts said, Europe's economic engine is likely to remain stalled. "This is a shadow of what might have been," said Brendan Brown, chief economist at Mitsubishi Finance International in London. "The Bundesbank wanted a more sweeping ERM realignment to clear the way for sharply lower rates, but it had to settle for much less because only the Italians were prepared to go along." David Roche, chief European strategist for Morgan Stanley International in London, called the German rate cut and Italian devaluation "a minimalist solution." "It looks like further realignment will eventually be unavoidable," he said. Helmut Schlesinger, president of the Bundesbank, suggested that the German rate cut would help put the treaty back on track. Asked whether the decision would hurt prospects for French ratification, Mr. Schlesinger replied: "On the contrary, I think this improves the situation for Maastricht." Economists, however, remained deeply divided over whether approval in the French referendum would actually be better for Europe's immediate economic prospects than a rejection would be. "You need to break the ERM's monetary gridlock, which is now strangling the British economy and retarding growth elsewhere in Europe," argued David D. Hale, a prominent international economist at Kemper Financial Services in Chicago. "A French 'no' would be a politically convenient excuse to accept the broader ERM realignment that should have occurred." By contrast, John Lipsky, chief economist at Salomon Brothers International, believes such a job to exchange rates would do more harm than good to the fragile European economy. "The economic justification for a general realignment is not compelling," Mr. Lipsky said. A 'yes' vote would help preserve the current levels of European exchange rates, he said. But he expects European economic officials appeared to have compromised with demands from abroad. Although seeking to minimize its impact on their decisions, central bank sources admitted that foreign pressure to lower rates had been "vehement." Initial reactions were telling. Foreign leaders praised the Bundesbank's move as a concession to European growth and unity a week before a critical French referendum on the Maastricht Treaty on European union, but many Germans were disappointed. One economist said the Bundesbank had "let itself be blackmailed" while prominent union leaders criticized its rate cuts as too little and too late to lift the economy from the brink of recession. The Bundesbank president, Helmut Schlesinger, said they would study the possibility of lowering



For EC, Money Issues Eclipse Security

By Joseph Fitchett International Herald Tribune PARIS — This time last year, in the feverish final negotiations on the Maastricht treaty, the sharpest exchanges often involved radical questions about how far European Community leaders dared go in pooling their countries' foreign policies and armed forces. Money issues seemed scarcely more than technicalities, footnotes to the long process that had led EC countries to embrace Germany's creed that inflation is the root of all economic evil. What a difference a public debate makes. A year later, the French referendum campaign and second thoughts in neighboring EC countries have dramatically reversed the importance of the issues of money and security. Perhaps surprisingly, in a debate supposed to chart Europe's overarching destiny, classic security preoccupations have been almost eclipsed by local bread-and-butter worries of the sort normally associated with traditional elections. An entire range of issues seems to have vanished from the agenda: • No leader is talking of the need right now for a stronger Western European Union, the designated military arm of the Community. • The future role of the French-German military corps has been relegated to policymakers and bureaucrats, far from the public eye. • There is deafening silence about the imperative for European military industries to join forces to compete with U.S. military contractors. • Hints have faded away, unheeded, that Paris might be prepared to open its sacrosanct nuclear planning process enough to offer consultations with Germany. Asked about this vacuum in the security debate, European officials said recently that there were obvious electoral explanations. "Amid fear caused by recession and unemployment," a French presidential aide said, "voters think of security in terms of protection for their situations and their jobs and perhaps, protection from local threats like crime or immigration." Beyond these tactical considerations, the campaign has marked a deeper and probably more durable shift in Europeans' thinking about an overall Western security framework, according to French, German and other officials in the Community. They characterized the emerging view as more cautious, more leery of radical changes than the thinking prevalent in Paris and Bonn a year ago. Publicly, at least, French leaders are soft-pedaling suggestions — which they long advocated with gusto — that Europe needs greater military unity in order to be more independent of the United States. Jolted by surging public doubt about the Treaty on European Union, even the most fervent visionaries in Brussels are having to wear themselves out in the assumption that Europe is set on a historically inevitable course toward becoming a full-fledged world power. The deeply divisive French debate, according to EUROPE, Page 8

Kiosk Curbs on China Backed in U.S.

WASHINGTON (Reuters) — The Senate voted Monday to link revocation of China's favorable trade status next year to its progress on human rights, changes in its trade practices and adherence to restrictions on missile and nuclear exports. A similar measure was passed by the House, and both bills now go to a joint congressional committee for resolving of their differences. President George Bush vetoed a similar measure in March. General News Toshiba has been cited in an arms technology sale. Page 7. Business/Finance Mellon Bank is to buy Boston Co. from American Express for \$1.45 billion. Page 11. Crossword Page 6. Dow Jones Up 70.52 3,376.22 Trib Index Up 1.20% 95.55 The Dollar New York Mon close previous close DM 1.4822 1.4506 Pound 1.8945 1.921 Yen 124.20 124.30 FF 5.0285 4.9235

Russian Germ-Weapon Pledge Sites Opened to U.S. and British Inspection

International Herald Tribune PARIS — Russia on Monday pledged to put its biological weapon sites under international control, an action that American officials said was likely to end Western doubts about Moscow's commitment to shutting down its germ warfare programs. A joint statement issued by Russia, Britain and the United States provides for visits by experts from all three countries to any nonmilitary biological sites, including unlimited access for taking samples and interviewing personnel in these civilian sites. As a first step, experts, including some from the United States and Britain, will be allowed to test a civilian chemical enterprise in St. Petersburg that has been suspected of being a cover for illicit military work. More limited inspections of military biological laboratories and testing grounds will also be possible. The accord calls for tripartite groups of experts to visit such sites. In Washington, American officials said the Russian concessions would help ease concern about the risk that germ-warfare programs were being pursued secretly by hard-line factions in Russia. The accord, they said, is reassuring evidence that President Boris N. Yeltsin is willing and able to force his military establishment to comply with disarmament pacts. Verification of germ warfare accords has always been elusive, and Russia's deputy foreign minister, Grigoriy Berdennikov, said Monday that the accord "is the first time we have managed to agree on a high-level mechanism to control the international treaty on biological weapons." Mr. Berdennikov spoke at a news conference at the end of two days of talks with American and British officials about compliance with the ban on bacteriological weapons. The talks came after the acting U.S. secretary of state, Lawrence S. Eagleburger, during a meeting in London last month with the Russian foreign minister, Andrei V. Kozyrev, raised U.S. concerns. See RUSSIA, Page 8

How Baker Is 'Fixing' Things

By Ann Devroy Washington Post Service WASHINGTON — When James A. Baker 3d and his team took over the White House operation two weeks ago, the president had been committed for weeks to address a convention of followers of Pat Robertson and his Christian Coalition. Within days, the Baker team — convinced by results from their focus groups and their own political instincts that further public focus on Mr. Bush's courtship of the Christian right was a mistake — moved to place the speech in Friday's presidential events in a way that would restrict, if not eliminate, major media coverage. The speech was timed for 7:40 P.M., 10 minutes after the last news program and well past the early weekend deadlines of many newspapers. To deflect attention from the speech, Mr. Baker cranked up the national security process to approve the sale of F-16 fighter jets to Saudi Arabia in time for Mr. Bush to make the announcement early Friday to a cheering crowd of defense workers in Missouri. The attention the new Bush team devoted to the effort of "fixing" the Robertson event is in microcosm the story of the changes under way in the White House since the departure of Samuel K. Stinner as White House chief of staff and his replacement by Mr. Baker. White House and campaign aides said that events last week and this week would offer the full flavor. See BAKER, Page 8

Artistic License Catches Up With Dutch

By Marlie Simons New York Times Service THE HAGUE — Considering its long love affair with painting, the Netherlands is undertaking an unusual task: It is trying to give away 215,000 works of art. The problem is, most are not the works of contemporary Dutch masters, and not everyone wants them. At issue is the towering pile of art that grew from the 1950s to the 1980s, when the Dutch government insured artists their place in one of the world's most generous welfare states by purchasing their work. In a new mood of blasphemy, the Ministry of Culture has said that the enormous stocks of art must be cleared out because they are tying up costly storage space, air conditioners, computers and staff. More ominously, cultural officials are saying openly that although the program has yielded some fine work, it has produced much of dubious quality. Only one of six works is worth keeping and fit for exhibiting, the ministry has declared. The decision has caused a fair commotion. Some citizens argue that the subsidies should be revived to keep struggling artists afloat when the market falls them. Others see the pile of art as a monument to socialist central planning in its most absurd. Almost inevitably, artists have opposed the plan to give away the works. One artists' union has denounced it as "wholesale dumping" and warned that it will spoil the market for new work. Heleen Buijs, the art historian who is running the giveaway program, has been writing letters and working the phones with her staff of eight in an effort to jettison thousands of canvases, tapestries, sculptures, and other works of art. With so much to give away, the keepers concede that they are unfamiliar with most of the inventory. The taxpayers' art collection occupies a space the size of a hangar in a government building in Rijswijk, a suburb of The Hague. "We store by size, not by quality," said Frank de Man, a warehouse worker, as he moved among cages filled with dippyvics and triptychs and sculptures of wood, clay, and bamboo. Nestled among the objects were a handmade amphibious helicopter, a bicycle wheel with leopard spots, and a puzzling metal pyramid. A sloping table loaned with a crushed dish rack and a smashed shopping cart on top. Could this be a memento to an angry boun-



Flooding Kills 2,000 in India and Pakistan People grieving Monday in Jammu, India, after losing relatives and belongings in floods. Torrential monsoon rains have swollen rivers, causing flooding in parts of northern Pakistan and India and killing at least 2,000 people since last week. See DUTCH, Page 8

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French Official Charged in Socialist Funding Scam

PARIS — A judge charged the speaker of the French National Assembly, Henri Emmanuelli, on Monday with illegal party financing in an embarrassing incident for the Socialist government six days before the referendum on the Maastricht treaty.

Prime Minister Pierre Bérégovoy also tried Monday to defuse a crisis in French prisons that has challenged the government's authority as the referendum nears Sunday.

Mr. Emmanuelli, 47, denied the charges of being an accomplice in influence-peddling when he was treasurer of the governing Socialist Party.

Several political-funding scandals have broken in France, affecting not only the increasingly unpopular Socialists but also

opposition parties. Discontent among voters may prompt them to vote "no" in the referendum on the Treaty on European Union.

The country's fourth-ranking official, Mr. Emmanuelli was released after his indictment by Judge Renaud Van Ruyambeke in Rennes, in the western France.

"I denied the charges with which I was notified because they have no legal basis, and I therefore said I could not sign the minutes," Mr. Emmanuelli said.

Mr. Bérégovoy said in a radio interview earlier that Mr. Emmanuelli had had to receive donations in his role as party treasurer and that his personal honesty was not in doubt. Mr. Emmanuelli is not suspected of personal enrichment.

Mr. Emmanuelli, who was the Socialist

Party's treasurer from 1983 until January, is accused of receiving funds raised by front companies from construction businesses seeking preference in public tenders.

As for the prisons, Mr. Bérégovoy urged guards on strike in 137 of the country's 182 jails to return to work. He promised that the government would respond to their demands for improved safety.

Most of the country's 18,000 prison guards went on strike on Saturday after a guard was killed on Friday when seven convicts shot their way out of the maximum security Clairvaux prison.

"The government will act responsibly," Mr. Bérégovoy told France Inter radio. "It has understood your message. Now you must go back to work."

He reminded guards that they did not have the right to strike.

"The law must be respected," the prime minister said. "Prison staff have a special duty to ensure order and discipline. Their status does not give them the right to strike. They must work normally."

A series of spectacular jailbreaks, mutinies and attacks on guards in the last two months have highlighted a crisis in France's overcrowded prisons.

Guards' unions are demanding extra staff and the reintroduction of top-security wings abolished by the Socialists.

The Socialist-led government is worried that voters may feel it is losing control and cast a protest vote by rejecting the Maastricht treaty.

Serbs Shell Sarajevo, UN Talks In Danger

By Blaine Harden
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — Serbian forces launched a punishing artillery attack on Sarajevo Monday, firing weapons that a senior United Nations military commander said had been hidden from foreign military observers.

The shelling seemed most likely to jeopardize, if not scuttle, UN-brokered peace talks scheduled this week in Geneva.

Even before the morning's artillery attack, President Alija Izetbegovic of Bosnia backed out of a three-day-old promise to attend open-ended peace talks scheduled to start Friday in Geneva.

Citing continued Serbian attacks on several cities in the republic, as well as what he said was the incursion into Bosnia of 100 new tanks from Serbia, Mr. Izetbegovic sent a letter Sunday to the co-chairmen of the Geneva peace talks.

"Negotiations could not be of any use in the situation as it is, and the presidency is not willing to take part," the letter said.

A UN spokesman, Fred Eckhard, said Mr. Izetbegovic had earlier given "a solemn personal commitment, without conditions" on attendance at the meeting.

The bombardment on Monday, the worst bout of shelling in this city in two weeks, occurred two days after the Bosnian Serbian leader, Radovan Karadzic, personally guaranteed UN peacekeepers that all Serbian heavy weapons in the Sarajevo area had been concentrated in 11 sites where they could be watched by UN observers.

"The firing came from monitored and outside monitored positions," said Colonel Armi Davout of France, deputy commander of the UN operation.

Asked if Mr. Karadzic was lying when he said all his heavy artillery was under the eyes of the United Nations, Colonel Davout said, "Yes."

Mr. Karadzic has also guaranteed that his forces would not fire unless his artillery positions were attacked. But UN sources said that Serbian heavy weapons opened fire Monday morning without having first been fired upon.

The bombardment killed at least five people and wounded more than 60 in less than two hours. Heavy fighting continued in the evening in the western suburbs.

Sarajevo itself described the attack as part of a Serbian "general offensive" across Bosnia-Herzegovina. It reported Serbian infantry and artillery assaults on cities across the northern half of the republic, as well as air attacks on the northwestern city of Bihać.

UN officers confirmed that cluster bombs and rockets were fired from four Serbian aircraft in attacks in and around the city of Bihać, one of the largest major cities in the republic still under Bosnian government control.

For their part, the primarily Muslim Bosnian Army continued its ground offensive to try to break the siege of Sarajevo. A Bosnian commander in the southern suburb of Ilidza said Sunday night that his men had killed 35 Serbian fighters over the weekend, including 16 who had tried to surrender.

"They are going into a true military war," said Colonel Davout, analyzing the pattern of fighting around the capital. "Both sides want to catch some position of the other side before the winter in order to prevent them from using important roads for logistical purposes."

Hundreds of artillery shells and mortars crashed across Sarajevo on a warm and sunny morning as thousands of residents, emboldened by several days of relative calm, were out walking in the streets.

The UN-confirmed bombing of Bihać on Monday seems likely to increase international pressure for the creation of the exclusion zone, a sanction that was first imposed in January to stop the Baghdad government from attacking Kurds in the north of that country.

Colonel Davout, asked if the entire UN effort to put pressure on the Serbian side into concentrating its heavy weapons was not turning into a joke, replied, "It is a joke, it is not funny."

WORLD BRIEFS

First UN Soldiers Arrive in Somalia

MOGADISHU, Somalia (AP) — The first United Nations soldiers arrived in Mogadishu on Monday to help prevent the looting of food meant for starving Somalis, officials said. T. J. Dowling, a U.S. Embassy spokesman in neighboring Kenya, said U.S. C-130 military cargo planes delivered the first contingent of 63 Pakistani and their equipment.

Colonel Isaac D. Khara of Fiji, deputy commander of UN forces in Somalia, said the initial contingent would not be deployed until the remainder of the 500-man battalion is on the ground. Once deployed, the troops' primary objective will be to restore order at Mogadishu's port, where 10,000 metric tons of American sorghum has sat undistributed in a dockside warehouse for two weeks because a clan dispute has prevented aid workers from distributing it.

The UN Security Council has authorized sending 3,500 armed troops to Somalia, but only the initial 500 have been approved by the country's main warlord, General Mohammed Farah Aidid.

Haiti to Admit OAS Rights Team

WASHINGTON (NYT) — Haiti's military government has formally agreed to the deployment of international human rights observers for the first time since the overthrow of the country's elected president nearly a year ago, officials said.

The Organization of American States hopes to send a team of 18 monitors soon to establish offices in all state administrative regions. A central office has been opened in Port-au-Prince.

At least four are reported to be U.S. citizens. Others will come from Argentina, Canada, Colombia, Costa Rica, Guatemala, and St. Lucia. Although officials say that the monitors are being sent only to aid in reducing violence and upholding civil rights, many critics say they hope this will be a first step toward the restoration of constitutional democracy.

Cambodia Gets Electoral Guidelines

PHNOM PENH (Reuters) — Electoral guidelines covering the establishment of political parties have been signed into law by Yasushi Akashi, head of the United Nations Transitional Authority in Cambodia, his spokesman said Monday.

A peace agreement signed in Paris last October by all four Cambodian factions paved the way for the deployment of UN troops, who will supervise the running of the country until the holding of elections. The new law sets guidelines for all parties and will govern their activities leading up to the UN-supervised national election next May.

It is intended that the new law will act as a confidence-building measure for political parties wanting to set up offices in the Cambodian countryside, the UN spokesman said.

Congress Notified of Taiwan Jet Sale

WASHINGTON (Reuters) — The Bush administration formally notified the U.S. Congress on Monday that it plans to sell 150 F-16 fighter jets to Taiwan for \$5.8 billion, over strong protests from China.

President George Bush informally announced the move two weeks ago and Congress now has 30 days to either vote against the sale or allow it to go ahead. Little opposition is expected in view of congressional charges that China remains guilty of human rights violations.

Fischer Vows to Defy U.S. Tax Laws

SVEIT STEFAN, Yugoslavian (Reuters) — Bobby Fischer, engaged in a \$5 million chess rematch against Boris Spassky, showed no sign on Monday of relaxing in his defiance of U.S. authorities over tax matters.

"I have not paid my income taxes since 1976 and have no intention of paying them now," Mr. Fischer said at a joint news conference with Mr. Spassky, Bert Gimm, a U.S. Internal Revenue Service representative in Rome, said that Mr. Fischer, a U.S. citizen, would have to pay 31 percent of his tournament earnings in taxes.

Mr. Fischer and Mr. Spassky are replaying their epic 1972 encounter, which Mr. Fischer won in Reykjavik to capture the world chess title. Mr. Fischer leads the rematch series, 3-2. The first player to win 10 games wins \$3.5 million, and the loser gets \$1.5 million.

For the Record

Negotiators for South Africa and the African National Congress began talks Monday to set the stage for a meeting between President Frederik W. de Klerk and Nelson Mandela, the ANC leader. The negotiators agreed Sunday to preparatory talks about ANC conditions. These include the release of political prisoners, a ban on all dangerous weapons in public and the prevention of attacks on ANC supporters from migrant-worker hostels.

Correction

A caption on the Art page in weekend editions misstated the price at auction of a 16th-century plate. It sold for £12,100.

TRAVEL UPDATE

A Marseilles subway extension was formally inaugurated Monday, a 1.5-kilometer (1-mile) stretch that links the No. 1 line from the city center to the Castellane-Timone district.

Serbia's Expo 92 universal exhibition, hit by poor ticket sales in July, has recovered so completely that it may have to restrict access to the site in its last month, according to the fair's commissioner-general, Emilio Cassinello. Expo closes on Oct. 12.

Tel Aviv started a 7-kilometer (4-mile) trolley bus service on Monday as part of a \$20 million plan to fight pollution and traffic congestion. Newspapers quoted a city official as saying the \$20 million contract with Czechoslovakia's Skoda bus builders covered an 18-kilometer east-west line. The eastern part of the line was inaugurated on Monday, but there was no word when the rest would be finished.

The Weather

Forecast for Wednesday through Friday

Region	Today	Tomorrow	Day After
North America	Warm and mainly dry across Western Europe. Clouds will mix with sun through Thursday with showers cooling before a cold front on Friday.	Clouds will mix with sun through Thursday with showers cooling before a cold front on Friday.	Partly to mostly sunny and mild. Sun will be in part of Spain, including Madrid.
Europe	Warm and mainly dry across Western Europe. Clouds will mix with sun through Thursday with showers cooling before a cold front on Friday.	Clouds will mix with sun through Thursday with showers cooling before a cold front on Friday.	Partly to mostly sunny and mild. Sun will be in part of Spain, including Madrid.
Asia	Seoul will be partly sunny with cool nights through Friday. Tokyo will be partly sunny through Thursday with showers cooling before a cold front on Friday. Japan, hot through at least Friday. Showers will be in part of the country through Thursday in western Japan. Hot through at least Friday. Showers will be in part of the country through Thursday in western Japan. Hot through at least Friday. Showers will be in part of the country through Thursday in western Japan.	Seoul will be partly sunny with cool nights through Friday. Tokyo will be partly sunny through Thursday with showers cooling before a cold front on Friday. Japan, hot through at least Friday. Showers will be in part of the country through Thursday in western Japan. Hot through at least Friday. Showers will be in part of the country through Thursday in western Japan.	Seoul will be partly sunny with cool nights through Friday. Tokyo will be partly sunny through Thursday with showers cooling before a cold front on Friday. Japan, hot through at least Friday. Showers will be in part of the country through Thursday in western Japan. Hot through at least Friday. Showers will be in part of the country through Thursday in western Japan.

Peruvian Rebel Chief Loses Aura of Invincibility

By Nathaniel C. Nash
New York Times Service

NEW YORK — A former philosophy professor with a bad case of paranoia, Abimael Guzmán Reynoso, the head of the Shining Path, does not cut the dashing revolutionary figure of Che Guevara or the young Fidel Castro.

But in Mr. Guzmán, the Peruvian police have in custody Latin America's most important guerrilla leader, and perhaps the most potent of the remaining Communist revolutionary leaders of the late 20th century.

"With the fall of communism in Europe and Russia, the Shining Path is really the center of revolutionary thinking in the world," said Eduardo Ballón, chief of the Desco research organization in Lima. "And Abimael Guzmán has emerged in the leading role in the international Communist movement."

Where the Shining Path movement goes from here is unclear. Although the capture of Mr. Guzmán is undoubtedly a remarkable achievement for the government of President Alberto Fujimori, it also carries risks.

One is that Shining Path could respond with increased violence, further weakening governmental control and the faltering economy.

Another is the possibility of a major effort to free Mr. Guzmán, whose escape would be a devastating blow to the government.

Bombs exploded Monday in Lima during morning rush hour, in what the police said were reprisals by Shining Path for Mr. Guzmán's capture. Agence France-Press reported. The authorities said rebels also shot and killed a policeman.

A car bomb exploded in a heavily populated area in northern Lima, seriously wounding five people. The police were investigating other bomb attacks, including one in an industrial area in the western part of the capital, the police said.

A trial also poses a risk. Government officials said it was most likely that Mr. Guzmán would be



Abimael Guzmán Reynoso, leader of the Shining Path guerrilla group, in jail in Lima. Mr. Guzmán could be sentenced to death.

tried for treason before a military tribunal and could be sentenced to death. Some experts on Shining Path say his execution would make him a martyr.

"The Shining Path has created such a myth about Guzmán, they sing hymns to him, write poetry to him," said Francisco Egiguren, assistant director of the Andean Commission of Jurists, a human-rights group. "To have him in prison shows failure, disaster. It would be better for the movement if he were killed; it would recreate the hero-myth image."

The group is known to have prepared for his capture, particularly since Mr. Fujimori made that his main objective to justify his suspension of constitutional rule in April.

Mr. Guzmán built a tightly autonomous movement, separated into cells that operate in conjunction with others or on their own. Thus, a loss of his direction will

not necessarily stop the movement from continuing its fight.

But the image of Mr. Guzmán's capture by the state he sought to destroy could create widespread disillusionment among members of Shining Path, or Sendero Luminoso in Spanish.

For years, the public, the government and even most of his followers did not know whether Mr. Guzmán was dead or alive. Rumors frequently swept Peru that he had died in the mountains, or was hiding out in a neighboring country. Shining Path fed the mystery image, realizing that it made him seem more nearly invincible.

A year ago, Peruvian policemen seized a videotape of a meeting of Shining Path leaders showing an apparently drunk Mr. Guzmán dancing. Though the tape was probably made months before it was seized, it was the first proof in years that he was still alive.

Mr. Fujimori, obviously in an effort to damage the Guzmán image, went on national television to show the tape, mocking the guerrilla leader and his behavior and noting that the safe house where the tape was found was in an upper-middle-class section of Lima.

Mr. Guzmán, 57, was born in Arequipa in southern Peru. He at first lived with his mother, who was not married to his father, but he joined his father's family as a teenager and attended a Roman Catholic high school. He went to San Agustín University in Arequipa, where he was influenced by a philosophy teacher and a Stalinist painter.

He developed much of his revolutionary thinking as a philosophy professor in the 1960s and '70s at Huamanga University in Ayacucho.

He began instructing small bands of followers, and made two secret trips to China, where he studied Maoist ideology and revolutionary warfare. He founded Shining Path as an offshoot of Peru's main Communist Party.

There is disagreement about his ideological strengths in those days. Some describe a brilliant young professor in dark-rimmed glasses, a priest-like figure to whom followers listened in hushed silence. Others describe him as only able to recite what he had learned from Maoist doctrine.

There is little dispute, however, about his organizational skills; many people in Peru say Shining Path is the best-organized part of society. The shantytowns around Lima that the group controls, while still poor, are meticulously maintained. They also reflect what is seen as his ruthlessness: Judgment is swift and harsh for criminals, homosexuals and those who do not follow leaders' directives.

Pro-Democracy Thais Stitch a Coalition Together

By William Branigan
Washington Post Service

BANGKOK — The four pro-democracy parties that emerged with a combined majority in Sunday's parliamentary elections agreed in principle Monday to set up a coalition government under

the Democrat Party leader, Chuan Leekpai, and began composing the new administration.

The four parties, which had openly sided with democracy demonstrators in May during a bloody crackdown by the Thai military, emerged with 185 seats in the new 360-seat lower house of parliament, a majority of 51 percent.

Political analysts said a fifth party, the small Justice Freedom Party that won eight seats, could be added to the coalition to bolster its position against the military.

The Democrat Party, the country's oldest, won the most legislative seats, 79, closely followed by the pro-military Thai Nation Party with 77. That victory put Mr. Chuan, 54, a veteran politician first elected to parliament in 1969, in position to become the 20th prime minister since the absolute monarchy was abolished in 1932.

Mr. Chuan, a former lawyer, has held a variety of cabinet posts, in-

cluding deputy prime minister, in previous governments. His Democrat Party split in 1990 with the then-prime minister, Chatichai Choonbavan, in 1990 and went into opposition. A year later, Mr. Chuan was ousted in a military coup.

A key figure behind the scenes in the efforts to form a new government, analysts said, is Prem Hongsakulchai, a retired general and former prime minister who is considered a mentor to Mr. Chuan. Mr. Prem played a key role in arrangements that led to the resignation of Suchinda Kraprayoon, the former military commander whose nomination as an unelected prime minister after March elections triggered the demonstrations in May.

According to the deputy leader of the Democrat Party, Banyat Bantadtan, representsatives of three other pro-democracy parties agreed to join a coalition headed by Mr. Chuan as prime minister. The three are the New Aspiration Party

headed by a former general, Chavalit Yongchaiyot; the Righteous Force of an ascetic Buddhist, Chamlong Srimuang, also a former general, and a small party called Solidarity.

Mr. Chuan has been cautious about the prospects of forming a government, saying that he could not predict how long it would take. He has said he would continue the economic policies of Anand Panyarachun, the popular outgoing caretaker prime minister appointed in June to replace Mr. Suchinda.

"The Cold War is over," Reuters quoted Mr. Chuan as saying. "Now is the era of the economic leading the political. I would like to pursue Mr. Anand's policy of free trade and 'strengthen Thai businesses to compete in the world market.'"

Political analysts said Mr. Chuan and his new government were likely to be weaker than Mr. Anand's technocratic team in their grasp of economics and international affairs.

In a long line of prime ministers with military, aristocratic or patrician backgrounds, Mr. Chuan, from southern Thailand, is the first to spring from humble origins. His mother sold vegetables, and he worked his way through school by tapping rubber trees and painting pictures, Reuters reported.

Analysts said it was now up to the pro-democracy forces to prove that they could govern effectively without the corruption and ineffectiveness of previous administrations.

If the cabinet and the members of parliament perform their jobs effectively and the people give them support, the military cannot do much," said Likhit Dhuravajin, a political science professor. "The thing is, you do not open a wound for the germ to come in."

Mary Kay Magistad contributed to this report.

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CAMPAIGN '92 / ADVICE FOR BUSH

ELECTION NOTES

Quayle Pleads Ignorance of Favoritism

WASHINGTON — Vice President Dan Quayle says he does not know whether he intervened on behalf of a convicted felon in 1988, urging the Department of Justice to transfer him to a minimum-security prison from a medium-security institution.

Jack Anderson, the syndicated columnist, reported that Mr. Quayle, then a U.S. senator from Indiana, had intervened in the case of Stephen Goot, who was convicted in March 1988 of racketeering and conspiracy charges for his role in fixing drunken-driving tickets with a former local prosecutor.

Mr. Goot told Mr. Anderson that he was a former Quayle fundraiser and political supporter. Just weeks after he was sentenced to 20 years in prison, Mr. Quayle sent an urgent letter asking that he be assigned to a minimum-security prison because of "concern for his personal safety." The request was granted 12 days later, according to the Anderson account.

Appearing on a televised news program Sunday, Mr. Quayle said, "I just do not know" whether such a letter went out over his name. Asked if he signed his mail, he said, "When I was in the Senate, I tried to sign most of it, but some of it went out without my actual signature." (LAT)

Clinton Versus Gates: More Than a Briefing

WASHINGTON — When Robert M. Gates gave Governor Bill Clinton a national security briefing recently, a lot more than current events was swirling in the air. It was the first occasion for the nation's intelligence chief and the Democratic presidential nominee to size up each other face to face, and the two men spent more time preparing for their political joust than they do for some of their major public appearances, officials on both sides said.

For Mr. Clinton, the encounter was a chance to display his command of foreign policy issues, to prove President George Bush wrong when he says that the Arkansas governor is too inexperienced to run the country. For Mr. Gates, the director of central intelligence, the meeting was an opportunity to impress the Democratic presidential nominee with the work of the \$30 billion government intelligence apparatus — and perhaps Mr. Gates's own grasp of the issues as well. The principals eyed each other warily but ably filled their designated roles, participants said. (NYT)

Anatomy of a Democratic Campaign Ad

WASHINGTON — A new Democratic Party radio ad being aired in Florida, where a large number of pensioners live, accuses President George Bush of proposing to "slash" Medicare benefits "for nearly 30 million older Americans and virtually eliminating all compensation for over 1 million disabled veterans."

The Republican national chairman, Richard N. Bond, denounced the ad as "lies put out by the Clinton campaign," saying Mr. Bush had never proposed such budget cuts. But the Democratic National Committee rejected his demand that the ad be withdrawn.

The 60-second spot, which echoes charges by the Democratic nominee, Bill Clinton, presents as fact his analysis of White House budget proposals. But while the Clinton camp may be right in asserting that such benefit cuts are inevitable if Mr. Bush is to meet his goals, it is not true, as the ad asserts, that the president has specifically proposed cutting Medicare benefits and veterans' pensions.

The controversy underscores how presidential campaign strategists can seize upon the fine print of budgetary documents for partisan advantage.

The charges involve an appendix in Mr. Bush's midyear budget report that calls for a cap on mandatory spending for benefit programs other than Social Security. The report does not specify how the savings are to be achieved, but it offers numerous "options" proposed by various groups. One "selected option" is to "end compensation payments for low-rated disabilities and those unrelated to military duties."

The Clinton camp seized on such "selected options" in concluding that veterans and the elderly would have their benefits cut. But the budget director, Richard A. Beaman, told Congress that the options were "illustrative" and that the "selection of a particular option here does not necessarily imply support for such an option." (WPT)

Quote-Unquote

Bill Clinton, on his public statements during the campaign regarding his military draft status in 1968 and 1969: "I think I could have handled it a lot better. But I never tried to mislead anybody." (AP)

Away From the Hustings

- To reduce the risk of birth defects, all women of childbearing age should take folic acid supplements or include more foods containing folic acid in their diets, the U.S. Public Health Service had recommended. It is the first time the government has advocated vitamin supplements for the general population. Public health officials have long advocated that nutrient needs be supplied by foods.
- The former boyfriend of a Disney World employee fired a shotgun at guards and briefly took two hostages before he killed himself inside Epcot Center in Lake Buena Vista, Florida. The incident occurred after the park had closed for the day.
- An off-duty FBI agent shot and killed an 18-year-old man who tried to steal his car at gunpoint, the Washington police said.
- A USAir DC-9 with 67 passengers on board aborted its takeoff from Worcester, Massachusetts, after an air controller warned the pilot that there was a coyote on the runway. The pilot braked the craft, blowing four of its six tires, and ordered an emergency evacuation of the 67 passengers. No injuries were reported. The plane had been scheduled to fly to Philadelphia.
- Two hikers covered by a mountain lion on a rocky ridge were rescued by a helicopter that scared off the animal. Naveed Massey, 28, and Michael Mueller, 31, were not hurt by the lion.
- The government moves more slowly and imposes lesser penalties against polluters in minority communities, according to the National Law Journal. It said penalties imposed by the Environmental Protection Agency and the speed in which the problems of hazardous wastes sites are addressed varied widely, depending on whether the communities involved were white or were inhabited by minorities.
- A lawyer for Richard Nixon argued before a federal appeals court Monday that Mr. Nixon's rights were violated when his White House papers and tapes were taken by the government without any payment. Mr. Nixon is appealing a December 1991 ruling that the papers and tapes belonged to the American people.
- Emmett Roe, the owner of a chicken processing plant where 25 workers died in a fire a year ago, pleaded guilty Monday to 25 counts of involuntary manslaughter and was sentenced to nearly 20 years in prison. The plant, Imperial Food Products Inc., is located in Rockingham, North Carolina. (WP, AP, UPI)

Nixon's Unsolicited Suggestion: Send a More Positive Message

By Doyle McManus
Los Angeles Times Service

WASHINGTON — Former President Richard Nixon has some words of advice for President George Bush:

"Your campaign is in trouble. Right now, your chance of winning stands at about 30 percent. California's a lost cause — don't waste time or money trying to win it. Get off the family values thing; it's turning undecided voters off. Stop hanging around with fanatics like the Reverends Pat Robertson and Jerry Falwell; they're ruining the Republican Party. Most of all, offer a more positive message, that's the only way you can win."

Mr. Bush and his campaign czar, James A. Baker 3d, have not asked Mr. Nixon for his advice — but the former president has been providing it indirectly, meeting with members of Congress and old political associates to offer his view of the campaign and knowing it will be relayed to the White House.

Here, according to several people who have spoken with him, is what Mr. Nixon has to say:

Mr. Bush's chance of winning is 30 percent. He still has a reasonable shot at reelection, but he is starting from behind. He will not win unless he stops his futile effort to win California, concentrates his energy on Illinois, Michigan, Ohio and

New Jersey, and develops a more positive message.

Mr. Bush is not doing as well in Ohio and New Jersey as he ought to.

The religious right, in its exercise of power at the Republican convention, was "worse than the Goldwater Republicans" of 1964. "The Goldwater Republicans were fanatics, but at least they were fanatics about communism; these people are fanatics about moral issues that shouldn't be political questions," Mr. Nixon is reported to have said.

"Baker has done a good job solving the 'how,' but the campaign has to focus on the 'why,'" Mr. Nixon said.

According to one source, Mr. Nixon has even suggested that Mr. Bush will not deserve reelection if he cannot present a stronger, more positive program. In that case, the former president reportedly mused: "It might be better for the country if Clinton wins."

Charles Black, a senior adviser to the Bush campaign, said that Mr. Nixon's advice had reached the Bush campaign through intermediaries — and said that he considered much of the advice to be sound.

"President Nixon is a very wise man," Mr. Black said. "His point about the positive message is exactly what we started doing in the president's speech presenting his economic agenda."

Mr. Black and other campaign aides said that they did not know why Mr. Bush asked Mr. Baker had not asked Mr. Nixon for his advice. A friend of Mr. Nixon said the former president had not offered his thoughts directly because he thinks he should wait until he is asked.

But by talking to members of Congress and others, was not making sure the message got through anyway, just as he did last spring with a widely circulated memorandum that accused Mr. Bush of doing too little to aid Russia's new democratic reformers.

"You're not suggesting that Mr. Nixon has a Machiavellian side, are you?" one of the former president's contacts said jokingly.



Former President Ronald Reagan appearing with Mr. Bush at a rally in Yorba Linda, California.

Clinton Says He'll Protect Jobs

The Associated Press

PORTLAND, Oregon — Bill Clinton portrayed himself as the candidate of economic development Monday as he worked to shore up support in an area where many voters are dubious about his environmental views.

Mr. Clinton, speaking to a huge lunchtime crowd, accused President George Bush of coming up with an election-season economic program "after four years of inaction."

"All of a sudden they have agreed, to use their words, to target America," he said.

"They go for 3 1/2 years without an economic plan, and all of a sudden they go on television and talk about American renewal. Their message is, 'It could be worse.' My message is, 'It could be a whole lot better.'"

"I know that you can be pro-growth and pro-environment," he added.

Interrupted by Bush supporters at one point, Mr. Clinton shot back: "You hear them chanting back there. They don't believe in free speech either."

After campaigning in Oregon on Monday, Mr. Clinton had been scheduled to fly to the San Francisco Bay area of California. But the campaign announced that he would instead head east to Salt Lake City, Utah. There, he and Mr. Bush will make back-to-back appearances before the National Guard Association.

The appearance will come at a time when Mr. Clinton continues to struggle with questions about the steps he took to avoid the draft 23 years ago.

One Clinton aide said, referring to the president, "We expect him to hit us with the draft, and it gives us an opportunity to respond immediately."

Mr. Clinton discussed the controversy Monday in a telephone interview with a New York radio talk show host.

"I think I could have handled it a lot better," he told the host, Don Imus, "but I never tried to mislead anybody."

The Democrat said that although new details had dribbled out about his draft situation 23 years ago, "no one has challenged the basic facts."

"I got a notice," he said, "the notice was delayed. They told me if I made any other service arrangements, that would be fine with them, and I agreed to go into this ROTC program, and I didn't feel right about it, and I put myself

'Mom in Tennis Shoes' on the Run

Political Newcomer Is Seeking Washington Senate Seat

By Lou Cannon
Washington Post Service

SEATTLE — One of the less likely chapters in the so-called political year of the woman could be written in Washington State, where a self-styled "mom in tennis shoes" is striving to become the Democratic nominee for the Senate seat being vacated by Brock Adams.

The "mom" is Patty Murray, an earnest urban state senator from Seattle's northern suburbs. She is competing in the primary on Tuesday against Don Bonker, a former seven-term representative and a trade expert. Pollsters have found an unusually high number of undecided voters.

Voter indecision may reflect the heavy political turnover occurring here this year. Mr. Adams dropped out of the Senate race in March after allegations of sexual misconduct, and the popular governor, Booth Gardner, a Democrat, decided not to seek a third term. Four of nine House seats are also open in Washington, which gained a seat in the 1990 census.

The uncertainty is compounded by Washington's "jungle primary," in which all voters receive the same ballot and can move freely back and forth among Democratic and Republican candidates in different races. Secretary of State Ralph Munro, a Republican, said he expected voter turnout to top the million mark for the first time, thanks in part to a "motor-voter" program that allows anyone re-ceiving a driver's license to register.

Even Mr. Bonker credits Mrs. Murray for having the courage to enter the Senate race in December when Mr. Adams seemed a shoo-in for the nomination. She said she was motivated by the all-male Senate Judiciary Committee's skeptical reaction to Anita F. Hill's allegations of sexual harassment during the Supreme Court confirmation hearings of Clarence Thomas. Her early speeches mocked "the guys in red ties and dark suits who practice politics as usual."

Mrs. Murray, 41, said she became a political activist after a searing experience in 1979 when she went to the state capital in Olympia in an effort to save a preschool program in danger of losing state financing. "You can't make a difference," a legislator told her. "You're just a mom in tennis shoes."

But Mrs. Murray mobilized thousands of fam-

ilies and saved the program. Her television advertisements, narrated by the actor Ed Asner, feature a dramatic re-enactment of the confrontation with the condescending legislator, and red-and-white buttons with pictures of tennis shoes have become her campaign symbol.

Mrs. Murray was more effective as an underdog than as the front-runner she became after Mr. Adams dropped out. Her critics assert, and some of her supporters privately acknowledge, that she has not taken adequate advantage of her early start, many endorsements and superior fund-raising. Mrs. Murray's moderate-liberal views resemble Mr. Bonker's, but he explains positions in detail while she seems uncomfortable with complex issues and responds to questions with generalities.

Both Democratic candidates and the three Republicans competing for the Senate nomination are operating in the long historical shadow cast by Warren Magnuson and Henry (Scoop) Jackson, legendary Democrats who served a combined 87 years in the Senate and were valued at home for their close ties to aerospace, energy, resource and timber issues vital to the state's economic growth.

Business and labor leaders here, whatever their politics, still mourn the loss of Mr. Magnuson, who was defeated in 1980, and Mr. Jackson, who died in 1983. As a Seattle Post-Intelligencer political correspondent, Joel Connelly, observed recently, "A pair of giant shoes can be said to symbolize Washington's 1992 U.S. Senate race, and some voters look at Democratic hopefuls Patty Murray and Don Bonker and see tiny feet."

There are no big feet on the Republican side either, where a five-term representative, Rod Chandler, a moderate-conservative, leads in the polls over a liberal King County (Seattle) executive, Tim Hill, and a conservative, Leo Thorsness, a state senator who was a prisoner of war in Vietnam and won the Medal of Honor.

A survey last month by a Seattle pollster, Smart Elway, showed Mr. Bonker leading Mrs. Murray among all voters and among women, with a 2-to-1 ratio among women over 50.

Mrs. Murray led Mr. Bonker in an early September poll by the Tacoma News Tribune that also showed one-third of the voters undecided.

Space Sickness May Be Afflicting Japan's Astronaut

Agence France-Press
TOKYO — The Japanese astronaut on the U.S. space shuttle Endeavor, Mamoru Mohri, may be suffering from space sickness, but the world will not find out until after he returns to Earth.

The question has become a nationwide preoccupation in Japan, where Mr. Mohri appeared tired and even in pain in television images broadcast early Monday.

"His face is puffy," said a fellow astronaut, Chiaki Mukai, who was at the Huntsville, Alabama, space center along with 120 Japanese researchers and technicians to coordinate 34 of the experiments to be conducted aboard the Endeavor, which lifted off Sunday.

But Mr. Mohri, fearful of embarrassing his hosts, has asked that the results of physical tests conducted on him during the mission be kept secret for the time being, the Tokyo daily Yomiuri Shimbun said.

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INTERNATIONAL Herald Tribune

Scaling Golan's Heights

There is a flurry of cautious hope that Israel and Syria can be drawn into, perhaps not an early full-scale peace agreement, but a transitional arrangement involving the exchange of some territory for some elements of peace. This prospect arises from the first direct talks between Syria and Israel. These talks have been unfolding in a broad Arab-Israeli negotiating effort under the aegis of American diplomacy, and resumed in Washington on Monday.

Broker a Kurils Deal

Japan and Russia have fought another round in their bitter struggle over the Kuril Islands, and again the outcome is mutual defeat. These are the barren, sparsely populated bits north of Hokkaido that Stalin took from Japan at the end of World War II. This single issue — trifling, when you think about it — has left the two countries, otherwise natural partners, frozen in Cold War antagonism even as the rest of the world moves on.

A Storm of Generosity

It is difficult to say no to anything that could relieve the devastation of southern Florida by Hurricane Andrew. But the Senate Appropriations Committee has rightly rejected President Bush's transparent proposal to rebuild Homestead Air Force Base.

Other Comment

Kurils: Russia's Demarche
Germany Runs a Serious Risk
The ANC's Drive for Power

The Kurils' Backwash Hits Asia's Shores

By Gregory Clark

TOKYO — Few can cheer the now-open deadlock in Japan's territorial dispute with Moscow. The West will have to pick up the bill for keeping Russia aloof: Tokyo will not provide a yen more than it has to.



Yeltsin, Miyazawa and Four Small Islands

Russia and Japan Shouldn't Force It

By Mark Kramer and Gareth G. Cook

WASHINGTON — Boris Yeltsin's cancellation last week of his upcoming visit to Japan is a disappointment to the Bush administration, which had been hoping for a breakthrough in Russian-Japanese relations.

His China Policy Aground, Bush Needs a New Tack

By William Safire

WASHINGTON — On the eve of the crucial 14th Party Congress in Beijing, when Chinese reformers behind Deng Xiaoping need all the help they can get to wrest control from the totalitarians, the Bush administration's China policy has disintegrated.

From De Klerk's 'Double Agenda' to Death at the Ciskei Border

By Allister Sparks

JOHANNESBURG — The blood-bath in South Africa's black "homeland" of Ciskei, in which 28 demonstrators were shot dead and 188 wounded in a five-minute fusillade of automatic fire, was a stark reminder that the problem of apartheid is not over yet.

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1892: Proletarian Delight
1942: Truman's Critique
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Handwritten Arabic text at the bottom of the page.

OPINION

Let's Hear Clinton Answer These

By George F. Will

WASHINGTON — Herewith some questions which, were Bill Clinton to answer them, might — then again, might not — make it easier for millions to vote for him without winning.

Ronald Reagan was criticized for promising painless progress — self-financing tax cuts so stimulative that accelerated growth would guarantee increased revenues from lower rates. Aren't you promising self-financing spending — on infrastructure, education and other things — that would "pay for itself" through increased productivity?

About your tax increases on "the rich": If the money you cover remained with "the rich," almost all of it would be invested. Why do you think government spending of it would be better for America's economic efficiency than the decisions of private investors? Or is "fairness" rather than efficiency (growth) your priority. When "fairness" and efficiency clash — you do admit that they can clash? — which do you favor?

Asked to "name someone you would like to appoint to the Supreme Court," you named Mario Cuomo. Does that not vindicate Republican charges that Democrats, disregarding the core constitutional principle of separation of powers, do not distinguish between legislative, executive and judicial functions, regarding all powers as equally political? You named Mr. Cuomo "because he is a legal scholar who also understands the impact of the law on real people's lives." Please cite Mr. Cuomo's jurisprudential scholarship that impresses you.

You criticized the nomination of Clarence Thomas because he lacked "the requisite experience." Mr. Thomas was a judge. Mr. Cuomo has no judicial experience. What experience is "requisite"? You said Mr. Thomas's appointment was "political." How would your nomination of Mr. Cuomo not be?

Hillary Clinton prides Anita Hill's "courageous testimony." Mrs. Clinton

clearly believes Mr. Thomas committed perjury. Clearly, moderate Democratic senators who supported Mr. Thomas — Georgia's Sam Nunn and Wyche Fowler, Oklahoma's David Boren, South Carolina's Ernest Hollings and others — disagree. Do you agree with Mrs. Clinton or with those moderate Democrats? (At one point your position exemplified what critics consider vintage high-in-the-straddle Clintonism: "I'm not sure that both of them in some ways weren't telling the truth through the lens of history." But seriously...)

Ever wonder why people detest government? The health commissioner of the District of Columbia says school nurses will dispense condoms to students even if parents write letters requesting that their children not be given them. Picture, say, an immigrant family of Hispanic Catholics, struggling to raise upright children in an inner city. Picture their 15-year-old daughter showing her 13-year-old brother the condom her school dispensed. Your position is: If school boards decide to dispense, you support them. More Clintonism: You support local control of policy but duck discussing policy. Please: Do you think dispensing condoms is a good idea? If so, why? Because it "works"?

O.K., you were not under oath when you said your running mate's book, "Earth in the Balance," is "magnificent." But if Al Gore is serious about what he wrote, then he is the most radical person ever nominated by either party. If, like him, you think a "wrenching transformation of society" and a change of "the very foundation of our civilization" is imperative, will you discuss details?

The outlines of some new congressional districts resemble the outlines of raccoons run over by 18-wheelers. These districts are drawn to virtually guarantee that the elected representatives will be from government-favored minorities, generally blacks or Hispanics. Cynical Republicans eagerly collaborate with ethnic politicians in Balkanizing the electorate in ghettoized Democratic voters. This "entitlement" — congressional seats set aside in the ethnic spoils system — results from what many people consider a perversion of the 1965

Voting Rights Act. What do you think?

Critics say you have an incontinent enthusiasm for government. And the political scientist James Q. Wilson says: "There has been a transformation of public expectations about the scope of federal action, one that has put virtually everything on Washington's agenda and left nothing off. If you doubt it, try thinking of a human want or difficulty that is not now defined as a 'public policy problem.' Can you?"

Finally, it is said Britain's royal family has never made a single remark "indicating the slightest understanding or appreciation of anything at all three inches below life's surface or two inches off the beaten track." Can you say something indicating there is something in you other than ambition and alkaline batteries? Take a risk. It might be prudent.

Washington Post Writers Group.



Intolerance & Co. Zero In on Bush's Soul

By Anthony Lewis

BETHANY, West Virginia — For 200 years America has been a country extraordinarily tolerant of diversity, one where people can think and speak and worship as they wish. But it has also been a country gripped periodically by hatred of religious, racial and political groups.

Religious intolerance flared in the Know-Nothings, the anti-Catholic movement of the mid-19th century. The Ku Klux Klan roused mobs against Catholics as well as blacks, with murderous effect well into this century.

Fear of unfamiliar foreigners led to restrictive immigration laws: the Chinese Exclusion Act of 1882, then the 1920 Immigration Act designed to keep out Jews, Italians and others from Eastern and Southern Europe. As recently as the 1930s, Father Coughlin preached hatred of Jews in a large radio audience. Thoughts of those two conflicting streams in American history — freedom and intolerance — were evoked by a visit to Bethany, a small town in the panhandle of West Virginia. It is the home of Bethany College.

The college was founded in 1840 by Alexander Campbell, a leading religious figure of his time. He was in the Christian Church (Disciples of Christ), with which Bethany College is still affiliated.

reminders of the other America. Across the river in Ohio, during World War I, Eugene Debs was arrested for making a pacifist speech. He was brought in the West Virginia prison in Moundsville, charged with violation of the Espionage Act, convicted and sentenced in 1918 to prison.

And 14 miles south of here, in Wheeling, Senator Joe McCarthy began his career of demagoguery in 1950.

History should make Americans wary when politicians try to arouse hate. That is why I find the Republican campaign scary in 1992. It was scary when Dan Quayle denounced "the cultural elite," a code phrase for people unlike Us Good Americans. It was scary when Pat Buchanan called for a religious war.

The other night George Bush went to Virginia Beach, Virginia, to join Pat Robertson, the minister who heads the Christian Coalition, at an evangelical rally. Mr. Robertson is a hate-monger.

He wrote members of the coalition that the forces seeking equal rights for women wanted women to "kill their children" and "practice witchcraft." What was Mr. Bush doing with that professional hate? Would he go in a Klan rally for votes? The New York Times.

Put the Death of the Child At the Door of the System

By Anna Quindlen

NEW YORK — Randi Anderson's life story is sickening because its horrors have become commonplace. Born to crack addicts, reared in a tenement apartment with an empty refrigerator — they would sometimes put a neck bone on

foster parents must show only that they are relatives, not that they are particularly loving or capable. Randi's two foster mothers were her aunts: according to friends, the second one, in whose home she died, hated the little girl.

Yes, there are many good people who take over the task of raising children whose parents are incapable of doing it themselves. But there are others, too. Last year in New York City, there were almost 1,700 official reports of abuse or neglect of children in foster care. Of those, 370 were substantiated. With 50,000 children in foster care in New York, that is not a shocking number.

That there is no record of such an allegation in Randi's case makes you wonder how many cases go unreported.

In this one there was no time. Randi was beaten in death five months after she arrived, before a caseworker had ever visited her in her new home, by her foster mother's 20-year-old son, who baby-sat while his mother was at work. His sentence was pathetic: one and a third to four years.

Children bounce through the system like rubber balls. One social worker whose adoptive son had passed through five foster homes says the one he remembers most fondly is the one in which the foster father sexually abused the children. Perhaps there, his adoptive mother says, the children got attention.

"Sometimes I see one of those really horrible crimes on TV," a former caseworker says, "and everyone is saying, 'How could a human being do that?' And my mind thinks, 'Maybe it was one of my kids.' With how they lived, they could wind up doing anything."

A panel reviewing Randi's case said the agency had used "poor judgment" in not having her psychologically evaluated. "Poor judgment." What about negligence? What about incompetence?

Randi Anderson's mother, still on crack, gave birth last month to another daughter, who was placed in foster care. If, five years from now, that little girl dies, too, some experts may call it "poor judgment." In truth it will be an outrage. The New York Times.

Letters intended for publication should be addressed to "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Enforce the UN Ruling

Security Council Resolution 688, based on Chapter 7 of the United Nations Charter, is a mandatory resolution demanding that Iraq immediately end "the repression of the Iraqi civilian population." It calls on the United Nations and its member states to address that country's humanitarian needs and provides enforcement mechanisms. Recently, your columns have suggested that a plausible explanation for routing across southern Iraq is missing. The question is not to ask why an exclusion zone has been established at this time, but rather why the United Nations and the international community have not been doing more regarding the human rights situation in Iraq.

It is time to enforce 688, which is a clear mandate for the United Nations. It requests the secretary-general to "use all the resources at his disposal... to address urgently the critical needs of the refugees and displaced Iraqi population." It demands that "Iraq cooperate with the secretary-general to these ends." In the absence of effective UN action, the allies have chosen not to wait. The "no-fly" zone is unlikely to deter Saddam Hussein from launching a ground offensive in southern Iraq. What will happen then? The allied planes are a short-term solution. They aim to provide comfort to the besieged Shiites, but the root of the problem has yet to be addressed.

M. F. RUIZ, Geneva.

Vanishing Peoples

Regarding the report "Swiss Move to Join EC Lurches a Deep-Seated Ambivalence" (Aug. 6):

This report states that the Swiss confederacy was "founded in 1291 by hardy Helvetic peasants." I would like to point out that the last hardy Helvetic peasant was ethnically cleansed from what is now Switzerland by German invaders, who overran them when the Roman Empire was disintegrating. The Helvetians, known to their contemporaries and conquerors, the Romans, as the Helveti, were a Celtic people.

MARTIN H. O'NEILL, Kusnacht, Switzerland.

In "The German Question Poses a European Question" (Opinion, Sept. 3), William Pfaff falls back on a well-worn historical cliché to explain an extremely complex issue, namely, that Ger-

mans somehow suffer from an identity crisis because their country was not unified until 1871. Apparently, the Italians don't suffer from the same problem, nor do the majority of the world's nations, which did not come into existence until the 19th or 20th centuries.

More surprising, however, is Mr. Pfaff's assertion that the Prussians are a "Baltic people." I hope this was meant in irony. The indigenous Baltic Prussians, who once occupied a small area of what came to be the Prussian Empire (and which now belongs to Poland) were either eradicated by the Teutonic Knights or assimilated by German colonists in the Middle Ages. The only remaining trace of the original Prussians is their name.

CHRISTOPHER WELLISZ, Munich.

Let's Listen to the Serbs

Regarding "Stop the Excuses: Serbia Should Get an Ultimatum" (Opinion, Aug. 7) by Margaret Thatcher, and "A Reply From Belgrade" (Letters, Aug. 11) by Milan Panic:

The Serbian community in Belgium objects to the unequal treatment given to the article by Margaret Thatcher, former prime minister of Britain, and the reply by Milan

Panic, prime minister of Yugoslavia. An objective approach would have been to place the reply on the Opinion Page and to show more clearly that Mr. Panic is prime minister.

Your respected newspaper should do its utmost to calm the anti-Serbian campaign. If, in the present atmosphere, you cannot find anybody outside Yugoslavia to present a different view of the Balkan crisis, then at least you could give more and better space to Mr. Panic.

DEJAN MIHAJLOVIC, Brussels.

Japan's Money Machine

Regarding "Forgotten in Rescue Plan: Average Japanese" (Business/Finance) by James Sterngold:

As the report indicates, the government's economic rescue package has nothing good for ordinary Japanese. It is intended only to rescue large money contributors to the governing Liberal Democratic Party, and the party does not care for anything that does not make money for the government.

This is obviously the same evil as the earlier stock scandals, in which securities firms paid off losses for their larger customers.

IWAKAWA YASUHISA, Chiba, Japan.

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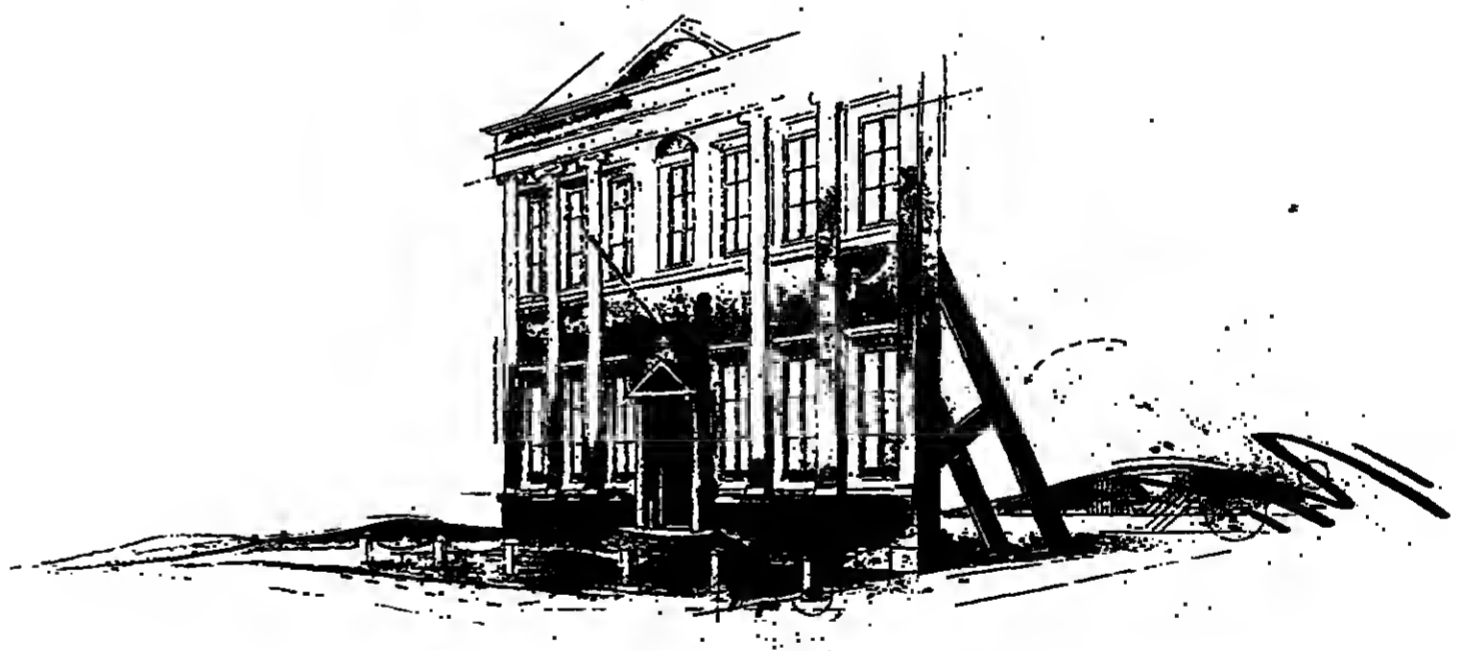
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مركزنا من الاصل

Elie Wiesel on Memory, Morality and Germany

By Mary Blume
International Herald Tribune

PARIS — When Elie Wiesel heard of the neo-Nazi attacks on weign refugees in Rostock, which quickly spread to other German cities, his reaction was disgust. "It is a very strong word, but I have to use it," he said.

Disgust not only for the attackers but for the government of Chancellor Helmut Kohl, which fr. Wiesel feels is more intent on normalizing Germany's position in the world than in exercising the vigilance history demands.

"Because it is Germany, morality would become the main element of our quest for the renewal of their nation," Mr. Wiesel said. "Germany is responsible for the climate that breeds such obscurities." He is encouraged by the anti-fascist actions of the young, but many of the attacks were also young.

Mr. Wiesel, 63, is the first novelist to win the Nobel Peace Prize. He is the author of 36 books (a naturalized American, he writes in French) and teaches at Boston University. He is known above all as a Holocaust survivor and as a spokesman for outcasts and refugees, whether Central Americans supported by the Sanctuary movement or the Haitians ejected by President George Bush. He is planning a trip to Sarajevo.

Mr. Wiesel has a long and mournful face lightened by frequent laughter. The sorrow he has known is perhaps too deep for mere

gloom. He dislikes being viewed as a professional Holocaust victim, pointing out that he doesn't speak much about it, that perhaps only four of his books have dealt with it, and that although he thinks it is a subject that should be taught, it will never be taught by him.

He was talking in the Trianon Palace Hotel in Versailles, the luxurious way station for guests at the Deauville film festival, which he was briefly attending because his wife is a film buff and because he never works on the Sabbath. In Paris, he was also called on President François Mitterrand, an old friend. Once home, he will resume writing mornings from 6 to 10. Despite his high visibility he says that teaching and writing are his mainstays against despair.

"My key word is memory," Mr. Wiesel says. It is the link between his private and public activities. His novel "The Forgotten" deals with a Holocaust survivor who is stricken with Alzheimer's disease, the loss of memory being the most final form of death.

Memory cannot be congealed in official memorials, he says. He resigned from a Washington-based commission to build a Holocaust museum in part because no memorial could be sufficient, in part because of a visit to Germany to speak with local associates of the commission. He realized that the day of the meeting was Jan. 20, the anniversary of the Wannsee conference that decided the Final Solu-

tion. None of his German associates had noticed.

"It happened by accident" to be Jan. 20," he said. "I don't believe in accidents. There are only encounters in history. I remember Nikos Kazantzakis quoting a proverb which said that it is not because two clouds meet that a spark is lit. Two clouds meet before the spark is lit. There are no accidents."

Last June, he addressed a crowd of some 60,000 in Vienna, expressing his faith in a post-Waldheim Austria ready to confront its Nazi past. He said he spoke from a balcony that had been last used by Hitler. "I said I am not sure that history has a sense of justice but it sure has a sense of humor because the last person who spoke here spoke to more people and got more applause than I am getting."

He addressed the crowd on the necessity to remember and thus live in truth. "The people there are not responsible for their forebears," he said, "but they are responsible for the memories created by their forebears."

"I do not believe in collective guilt. The guilty are guilty, but the children of the guilty are children."

Then why must they remember? "Because not to remember would be to acquiesce," he said. "Memory is already a protest, it is a way of saying what happened was wrong. If you don't remember, you turn the page and wipe out what happened."

Mr. Wiesel resumed his Talmudic studies as a 16-year-old refugee in France, exactly on the page where he had left them when he was deported to Auschwitz and then Buchenwald. "It was a kind of desire to close the brackets as if they were only brackets," he says. He was born in Romania, where his father had a grocery store and anti-Semitism was part of ordinary life.

"I was beaten up regularly," he said. "It was normal. It's raining in the winter, it's snowing in the winter, and I'm being beaten up."

His parents and younger sister died in the camps. In France, he lived as a refugee, was refused a passport and began keeping a diary the day he arrived from Buchenwald in 1945, first in Yiddish, then in French. It is now 900 pages long, and he has begun to publish parts of it, taking his overall title from Ecclesiastes: "All the rivers flow into the sea and the sea is not full."

"I didn't write about the camps until years later but everything was a product of that," he says. "We were really children but we were older than our oldest teacher. The youngest was 6, and the 16-year-old knew more about life and death than anyone in the world."

"I see in my diaries that it was more difficult to adjust to death than to life. In the camps the norm was to die. We woke up with dead people, we slept with them. And it took time to realize that death is a scandal, that it is injustice, that you have to do something about it."

In 1986, when Mr. Wiesel received the Nobel Prize, the world seemed on the brink of a new order, which has since fallen into shards, but he still sees cause for hope.

"Until recently, the most despairing, the most despairing place was the Middle East," he said. "There is reason to hope now. The headless violence we have fallen into elsewhere is not a reason to give up hope."

"Two things bother me in addition to the death and suffering and hardship. Not only life is a victim but truth has become a victim. The second thing is that in many circles they question the validity of democracy — they say it was better under Tito or Brezhnev. That is a terrible thing. Democracy is surely the best answer, a substitute for democracy shouldn't exist. Now the question is what to do with it."

His own past as well as his religious tradition gives him a particular sympathy for refugees and wanderers. He also sees a certain weary inevitability in German attacks on East European and other refugees leading to vandalism of Jewish cemeteries in Germany and France.

"Whenever a scapegoat is needed, somehow they find a Jew," he said. "Even when they need a black in America or an Asian in Europe, it ends up as a Jew as well."

The past he has survived can, Mr. Wiesel says, never be understood. "That is the measure of the tragedy, that only those who were there know what it was." He says his capacity for rage and despair increases as time runs out. "I dream more about my past now."

Can the fight for memory be won or is it a fight that must be waged whether it can be won or not? Mr. Wiesel replies by quoting a story that, although he dislikes repeating himself, he has already used in two books.

"A just man decided to save the most sinful of cities," he said. "So he came there, young and energetic, vigorous, devoted, determined. He went from street to street, from school to school, from market to market, urging people to improve, to be better, not to be indifferent. And in the beginning people listened because they were amused. Then they stopped listening."

"After many years a young child stopped him in the street saying, Poor stranger, why are you doing this, don't you see it's useless? Yes I know, he said. Then why do you go on shouting? He said, I'll tell you why. In the beginning I thought if I was to shout loud enough I would manage to change them. Now I know I will never change them. If I shout louder and louder, it is because I don't want them to change me."

Bonn Aide Faults Job Of Police In Violence

Reuters

WASHINGTON — Israel presented Syria with a new seven-page paper as Mideast peace talks resumed Monday, but the Syrians said the document failed to mention Israeli withdrawal from the Golan Heights and was therefore not serious.

Syria's chief negotiator, Mouaffak Allaf, said after a three-hour negotiating session at the State Department that he was disappointed at the Israeli paper. But he stopped short of rejecting the document.

"It handles all subjects of interest to Israel but not to the other party," he said, adding: "There is no mention whatsoever of the word 'withdrawal'."

Israel's chief negotiator, Itamar Rabinovich, said the paper was a draft that could be reformulated if there was progress in the negotiations on points important to Israel.

The talks resumed after a 10-day recess.

Rabin Details His Offer

Youssef M. Ibrahim of The New York Times reported from Jerusalem.

Prime Minister Yitzhak Rabin further refined his offer of withdrawal from the annexed Golan Heights in asserting that until the profile of a peace treaty with Syria emerges, he will not authorize the Israeli delegation in Washington to discuss territorial concessions to Syria.

He also stressed that any peace treaty with Syria will have to "stand on its own" and cannot be dependent on progress in talks with other Arabs, including Palestinians, Jordanians or Lebanese.

"As long as these two issues will not become clear to us, we will not enter into any territorial discussions," he said, appearing to toughen his terms after making conciliatory remarks about Syria last week.

"The purpose of the peace negotiations between our two delegations, the Israeli and Syrian," he said, "is to achieve a peace treaty, that is to say, open boundaries, diplomatic relations, embassies, normalization of relations, and, second, that a peace will stand on its own feet and will not be dependent on what will be achieved or will not be achieved in the other circles of the Arab-Israeli conflict on which we negotiated with different delegations."

But in a clear attempt to soften the impact of his remarks, Mr. Rabin reiterated his conviction that a real change in Syria's attitude had taken place and that it was cause for optimism.

Mr. Rabin also appeared to insist that Palestinians agree to an interim self-rule period before he would consider any relaxation of harsh measures.

He seemed to be responding to a statement by the PLO chairman, Yasser Arafat, who abruptly rejected a proposition by one of his chief negotiators, Faisal Hussein, for the formation of a Palestinian police force in the occupied territories.

Mr. Arafat is holding out for a declaration of principle that Israel will withdraw from all the occupied territories before discussing autonomy, self-rule or local elections, something that Israel says should be the subject of new talks after an interim period of self-rule of three to five years.

Israeli Peace Proposal Rejected by Syria for Omitting Golan Plan

Reuters

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Syria and Lebanon Postpone Talks on Pullout for a Month

BEIRUT (Reuters) — Syria and Lebanon have delayed negotiations on withdrawing Syrian troops from Beirut until after a new Lebanese government is formed next month, official sources reported on Monday.

They said President Hafez Assad of Syria and President Elias Hrawi of Lebanon, in weekend talks in Syria, agreed that the Lebanese-Syrian Supreme Council, the presidents, prime ministers, deputy prime ministers and parliament speakers of both countries — would next meet after the new Lebanese cabinet is formed in October for talks on a withdrawal.

Washington has been pressing hard for talks on a pullback of Syria's 35,000 troops to start this month and U.S. diplomats had argued it should not be linked to Middle East peace talks.

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led by Syria for
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Yeltsin May Reset Japan Trip

Visit to Okinawa Being Discussed

Compiled by Our Staff From Dispatches
MOSCOW — A senior Russian official said Monday that President Boris N. Yeltsin might meet Prime Minister Kiichi Miyazawa of Japan in mid-November to discuss how to settle a long-standing territorial dispute.

The official, Deputy Prime Minister Mikhail N. Poltorakin, told the Interfax news agency that Mr. Yeltsin, who last week put off a trip to Japan, could meet Mr. Miyazawa on Okinawa Nov. 11 before a rescheduled visit to South Korea.

Mr. Yeltsin put off his planned trip to Japan and South Korea last week amid the failure by Moscow and Tokyo to reach a compromise on their long-running territorial dispute.

The Russian state secretary, Genadii E. Borbois, said on television that Mr. Yeltsin was expected to visit Seoul on Nov. 12-13.

Nevertheless, officials at the Foreign Ministry and in the presidential press service were unable to confirm the president's plans for visiting Asia.

Russia and Japan are at loggerheads over four islands off Japan's north coast, seized by the Soviet Army at the end of World War II. Tokyo wants the islands back before it will grant Moscow badly needed economic aid.

Mr. Yeltsin, under pressure from conservatives not to give the islands to Japan, blamed what he said was Tokyo's hard-line approach to the dispute for the cancellation.

A Russian Foreign Trade Ministry official said Monday that Moscow still expected to receive a \$100 million credit from Japan this month despite the abrupt cancellation of the visit.

He said by telephone he was "95 percent certain" this agreement would be signed Sept. 25 or 26 between Foreign Economic Relations Minister Pyotr O. Aven and the Japanese ambassador to Moscow. (Reuters, AFP)

Pope Sees Romania Leader

CASTEL GANDOLFO, Italy — Pope John Paul II received President Ion Iliescu of Romania on Monday, the Pope's first audience since undergoing major surgery on July 15.



Autos bypassing downed telephone poles on Kauai after they were felled by the worst hurricane in Hawaii this century.

Kauai Digs Out From Devastating Storm

The Associated Press
LIHUE, Hawaii — As troops patrolled the island of Kauai on Monday and helped clean up devastation caused by a hurricane, officials tended to more than 7,000 people in temporary shelters.

Federal officials said 10,000 homes and most of the island's 70 hotels were badly damaged when Hawaii's worst storm this century struck.

Limited phone service was restored on Monday, giving the island's 51,000 residents their first link to the outside world since the storm hit Friday. Running water was made available to about half the island, including Lihue, the largest town. But it may take more than a week to get Lihue's power plant running, officials said.

"We're getting some things done, but every time we fix one problem another one arises," said Kauai's mayor, JoAnn Yukimura.

Crews continued the daunting task of cleaning up utility poles, trees and pieces of buildings that gave way under the storm's sustained wind of 130 miles per hour (209 kph) and gusts to 160 mph.

The hurricane, designated Iniki, was blamed for at least three deaths, including one on Oahu, and 98 injuries.

The Coast Guard searched between Kauai and Nihoa, a small neighboring island, for two people reported aboard a sailboat that sank. A Kona fisherman who was aboard the boat was rescued Saturday.

after clinging to an ice chest for 21 hours.

Federal disaster officials criticized for slow response to Hurricane Andrew, directed a round-the-clock airlift of supplies. Major General Edward Richardson, Hawaii's adjutant general, said more than 800 National Guard troops had been brought in to help in the cleanup.

Roy Price, vice director of state Civil Defense, said one priority would be to deliver tarps and plastic sheets to damaged homes before more rain arrives.

The Belleau Wood, an amphibious assault ship, was en route to Kauai with 27 five-ton trucks,

many military vehicles, 10 field kitchens, field showers and about 300 troops, the navy said.

"We're here to help as much as possible and to give people a sense that they can rebuild their lives," said Patricia Salki, chief of the U.S. Small Business Administration and a former congresswoman from Hawaii. "It's important for people to regain some normalcy."

Motorists waited in lines two blocks long for gasoline, and people lined up outside grocery stores. Those without water service bled water heaters and hot tubs for drinking water.

The American Red Cross housed

from 7,000 to 8,000 people in 13 shelters.

The Salvation Army was providing meals for 1,500 people a day, said Captain Art Storey. The island has plenty of clothing but needed nonperishable foods, powdered milk and diapers, he said.

Paul Lucas, a roofing contractor, said the people of Kauai were survivors.

"People know each other here," he said. "It's like family. There are a lot of homeless but they are being taken care of."

One single-stripped roof had the spray-painted words, "We're O.K." A spray-painted sign in front of a church declared "Pray!"

Gurkha Battalions Merged in Hong Kong

The Associated Press
HONG KONG — The outbreak of the British garrison here began Monday with the breakup of a Gurkha battalion only months after the troops handed over border duties to the police.

In a ceremony at the Cassino Lines Barracks near the Chinese border, the 1st and 2d Battalions of the 2d King Edward VII's Own Gurkha Rifles were merged into a single battalion.

According to an army statement, the new battalion will be known as the 2d King Edward VII's Own Gurkha Rifles.

The Gurkhas, fighters recruited from Nepal and famed for their hand-to-hand fighting and curved kukri knives, have battled around the world for Britain since 1815.

The statement said the move slashed the number of Gurkhas in Hong Kong to 3,600 from 4,500 as part of the reduction of British armed forces announced by the British Defense Ministry last year.

Under the plan, Britain's Gurkha Brigade will be reduced from 7,000 men to 2,500 in six years. The brigade has its headquarters in the colony, which reverts to Chinese rule in 1997.

In April, the Royal Hong Kong Police Force took over control of the porous border with China from the Gurkhas, whose main duties were to capture illegal immigrants.

China will station troops in Hong Kong after 1997 but has promised to let the territory retain a high degree of autonomy.

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Toshiba's Curious Transaction

Missing Machine May Be Helping China Build Missiles

By Andrew Pollack
New York Times Staff

TOKYO — The Toshiba Machine Company, which was penalized by the United States for selling equipment that helped the Soviet Union silence its submarines, also sold a machine that might now be helping China build better missiles, according to a report in a Japanese magazine.

Toshiba Machine concedes that in 1985 it sold an electron beam machine, a sophisticated piece of equipment used in making integrated circuits, to a company in Hong Kong. Both the company and the machine mysteriously vanished and Toshiba Machine said it still did not know where the machine was.

But the October issue of *Bungeishunju*, a respected magazine, reported that the machine was still in use at the Shanghai Metallurgical Research Institute. The magazine article, by Kosei Kaga, also suggested that the machine might be being used to make chips for missile guidance.

Selling such equipment to China, although not to Hong Kong, in 1985 would have been a violation of export control rules.

The sale occurred about a year after Toshiba Machine sold milling machines to the Soviet Union that allowed submarines to be made quieter and more difficult to detect. After that sale came to light in 1987, Washington prohibited Toshiba from exporting any products to the United States for three years. And it barred Toshiba Corp., the electronics company that owns half of Toshiba Machine, from bidding for U.S. government contracts for a year.

Tetsuo Kadoya, a spokesman for Toshiba, said the company complied with all laws at the time in selling the electron-beam machine. It got an export permit from the Japanese government and a customs certificate from the Hong Kong government that specified that the equipment would not be re-exported.

He said that since 1987, when the submarine incident came to light, Toshiba and all its subsidiaries reformed their export control practices, so that even if there was some laxity in 1985, there is none now. He also said that the particular electron beam machine was removed from the export restriction list in 1990.

The possible diversion of the Toshiba electron beam equipment, which is used in the process of imprinting microscopic circuit patterns on a silicon wafer, was actually first reported by another Japanese magazine, *ForeSight*, in 1990. The Associated Press, following up on that *ForeSight* article, said it had

seen a copy of a receipt for the machine from the Shanghai institute.

Two years ago, the incident was looked at by both Japan's Ministry of International Trade and Industry, which had given the permission for the export to Hong Kong, and it is believed, by the U.S. Defense Department. Not much appears to have come of their investigations.

Whether the new article, which quotes a researcher at the institute confirming that the machine is in use there, will prompt a new look is unclear. The article is starting to circulate in Congress and there is concern about China's sales of missiles to other nations.

Still, some people close to the Defense Department said the issue was considered an old and not very important one. In addition, experts said, it takes many different pieces of equipment, not just an electron beam machine, to make computer chips, and there are many different technologies besides chips that go into making missiles.

While Toshiba Machine insisted it was fooled by the Chinese operation, details in the article, confirmed by Mr. Kadoya, seemed to suggest that the company should have at least suspected that the equipment was being diverted.

The Hong Kong buyer, Scientific Instrument Ltd., did not have a special factory, known as a clean room, which is needed to manufacture semiconductors. Mr. Kadoya said, however, that the company showed blueprints indicating it was planning to build a factory.

Toshiba Machine's own engineers usually install such a sophisticated piece of equipment in the customer's factory. But in this case, the customer asked only that the machine be shipped. And Toshiba never got a call to service the machine, which is also very unusual.

Takashi Suzuki, director of the export division at MITI, said the agency investigated the matter after the 1990 article and did not find any violation of export controls at the time.



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Style

Higher Education in the Threads of Luxury

PARIS — So it's back to school. Time to pack those books, stack those files, sharpen the pencils and get out the needle and thread. Needle and thread?

A school for stitchers is opening in Paris, run by the master embroiderer François Lesage. He is offering to pass on the recipe for his alchemy of needlework: the rivulets of

SUZY MENKES

color, the pastoral pictures, the crusty gilding and patchworks of pattern that are the speciality of French haute couture.

"We want to allow people to take part in our culture, our heritage — 200 years of the art of decoration," says Lesage of his new venture, which opens next month. "We have been a laboratory of ideas and a house of prototypes. We have 10 million hours of work sleeping in little boxes. Now we are going to sell and exploit our savoir faire."

At the Lesage premises in an old building on a street of antique stores and auction-houses in the 9th arrondissement, the schoolrooms are being painted and prepared: high-tech lighting, easy on the eyes, tracked through high-ceilinged rooms where groups of 12 — beginners, advanced or professionals — will be taught. A reference library of embroideries, a store of materials and recep-

tion areas make up the teaching school on the floor below the Lesage ateliers.

The house of Lesage, which dates back to 1868, came into the family in 1924. It has worked for all the great names of fashion from Schiaparelli and Vionnet, through Balenciaga and Dior to Chanel and Saint Laurent.

Since Lesage bought the Vincent Hamelin workshops in 1990, home furnishings are part of the company's scope and Lesage's son Jean-François is currently creating a new collection. Lesage is also on the brink of signing a deal with a major international producer of thread, which will mean that kits drawing on the Lesage archive and experience will be on sale.

"In the current climate, giving something of yourself is incorporated in the idea of a gift," says Lesage, who envisages his pupils who stitch for pleasure making photograph frames, mirror surrounds and pictures, as well as fashion bits and pieces.

The embroidery courses are arranged in blocks of 30 hours at a cost of 7,200 francs (about \$1,500). They can be taken as an intensive one-week course, over two weeks, or as three hours once a week (including evening classes) stretched over 10 weeks. There are also monthlong or yearlong sprints. Weekend courses with arrangements for bed and board are designed to encourage those from out of town or overseas.

The aim is to have 500 pupils a year going through the school: those who are learning

embroidery for recreation, those who want to perfect techniques and those who may be training as teachers.

"But we are not in competition with technical schools," says Lesage. "I don't expect the school to become FIT [the Fashion Institute of Technology] in New York or FIDM in Los Angeles, which started with four pupils and now has 4,000. And we are not here to train people who will then be unemployed. There will be a lot of people who don't count the cost of their time, but above all we must seduce people, to encourage them to come to the school and make them dream."

Although the first to enroll was a male, according to the school's manager Isabelle Kagan, the reality of needlework, historically and today, is that it is a women's preserve. Lesage's own 100 workers are almost 100 percent female, and the professional courses are attracting seamstresses from couture houses "80 percent of whom have never been inside an embroidery atelier."

Is it realistic to believe that an absolute beginner could learn the needlecraft that turned a Saint Laurent jacket into a field of Van Gogh sun flowers? And are women in the 1990s, who have escaped from a ghetto of fancywork, prepared to go back to the embroidery frame?

"The concept of 'women's work' comes from the 1960s when the notion of craft was destroyed and everyone opted for self-expression without learning anything," says

Lesage. "But look at the mania for quilting, which is much more limited in expression. And the girls who work here all day go home and work on tapestries for themselves, for pleasure."

There are inquiries from Asia and India, which suggest that some of the students might be hoping to learn Lesage's trade secrets. He says that although his staff is anxious, he has long since come to terms with copying, especially since the international touring exhibition, shown first at FIT in 1987, laid open the archives.

The flamboyant 1980s were a fashion high noon for couture embroidery, while things now are far tougher. Last July's Yves Saint Laurent collection, for example, had virtually abandoned embroidery, and of the 200 samples that Lesage concocts each season, only half are accepted and used.

Lesage says that he was "marked in his youth by the disappearance of passementerie from fashion" — the rope embroidery used now only in home furnishings.

"There is only one woman left doing the work in Paris, and when she goes, it will all be gone," he says.

So is the Lesage school also designed to put something back — to preserve the art for a new generation in case couture embroidery dies out?

"But if you take embroidery away from couture what is left?" asks Lesage. "Just a pencil stroke."



Learning couture embroidery, top; pattern inspired by Turkish porcelain, center; and François Lesage in the atelier.

Alaïa's Low Key For Fall: Art in A Bit of Fluff

Basic Swing and Cling Is Also Witty and Fun

International Herald Tribune

PARIS — It is one of those addresses passed on by word of mouth: a dead-end street in the Marais district. Even its name — Rue de Montparnasse — suggests the quiet-as-a-mouse gray exterior with no shop windows. Just five letters carved in the concrete façade reveal the home base of a hot designer, Alaïa.

Last week the whisper went around that Azzedine Alaïa was showing — at last — his autumn/winter collection, which will hit the stores next month. The show — under the glass roof of the warehouse space — was a low-key affair compared to former parades of supermodels, whom Alaïa was the first to put on the runway.

Without these icons of perfection, the strengths and the weaknesses of Alaïa's clothes were shown up. His creative cutting made the most of long hemlines — swirling a mid-calf riding coat from a tightly fitted waist or fanning out a long skinny skirt at the back with a troika of godets. But his silhouette requires a good body and a will to carry off the skinny sweater-dresses or the cuffed alternative.

But Alaïa's fabric, especially a flirty viscose material he has baptized the "powder puff," it came plain or with a "sparticle effect" like a teddy bear with droplets of water" as Alaïa described it after his show. Mini dresses and coats in the fluffy fabric, in colors like flesh and powder pink gave a bouffant feel to the latter part of the collection that did not quite come off. A fluffy bra top looked like a teddy's ears clasped across the chest, and dress bodies with circular cut-outs at the front were a sexist peep show.

But Alaïa's main fashion message, which was for swing and cling, was artfully done. His precise cutting made leather coats and jackets with corset-seaming at the midriff fit like the proverbial kid glove. And knitted dresses with a trompe l'oeil pattern of ribbons ("all wrapped up like a parcel," said Alaïa) were witty and fun.

How can buyers, who are already looking at summer 1993, buy now, in September, Alaïa's fall collection?

"Alaïa's shows are always worth it," said Leslie Johnson of Barney's, who had flown to Paris for 24 hours after the opening of Barney's new Chicago store. "We find that whenever the deliveries come, it is always perfect timing."

MEANWHILE, the decision has now been officially made to advance the dates of the Paris ready-to-wear collection from 1993 to the last weeks of February and September, instead of mid-March and October. The new regime starts in September 1993, according to Jacques Maudier, of the couture's Chambre Syndicale, who said Monday that he is waiting to make an announcement until he sees Beppe Modenese, who is in charge of co-ordinating the dates of the Milan shows.

"There were 29 votes in favor of changing and five against, so the majority has carried it," said Maudier, who met with Pierre Bergé, president of the ready-to-wear Chambre Syndicale last week. Bergé is expected to stay as president, although he is against advancing the dates of the Yves Saint Laurent collection, because of the proximity to the haute couture showings in January and July. Of the five "No" voters — all haute couturiers — Givenchy has now fallen in with the majority decision, which suggests that the rest of Bernard Arnault's fashion group — Dior and Lacroix — will also capitulate.

It may be that these maneuvers in ready-to-wear will ultimately lead to couture being shown only once a year, which some houses, including Saint Laurent, apparently favor.

Suzy Menkes



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Marc Bohan May Leave Hartnell

International Herald Tribune

PARIS — So another royal marriage is about to hit the rocks. A divorce settlement between Queen Elizabeth's dressmaker, the house of Hartnell, and French couturier Marc Bohan is under discussion. An announcement is expected imminently.

"I don't want to say anything," said Bohan from his London home Monday. "As far as I am concerned, my lawyers are working on it. Things have been under discussion since July." Bohan's last collection — a critical success — was shown on July 9. The former long-serving designer for Christian Dior joined Hartnell in September 1990 in an attempt to breathe new life into a dowager house, whose best known client is the Queen Mother.

"We are having discussions, so one can say very little," said Hartnell's managing director, Manny Silverman, whose dream it is to turn the house into a global business by building licenses for commercial products around a core of haute couture.

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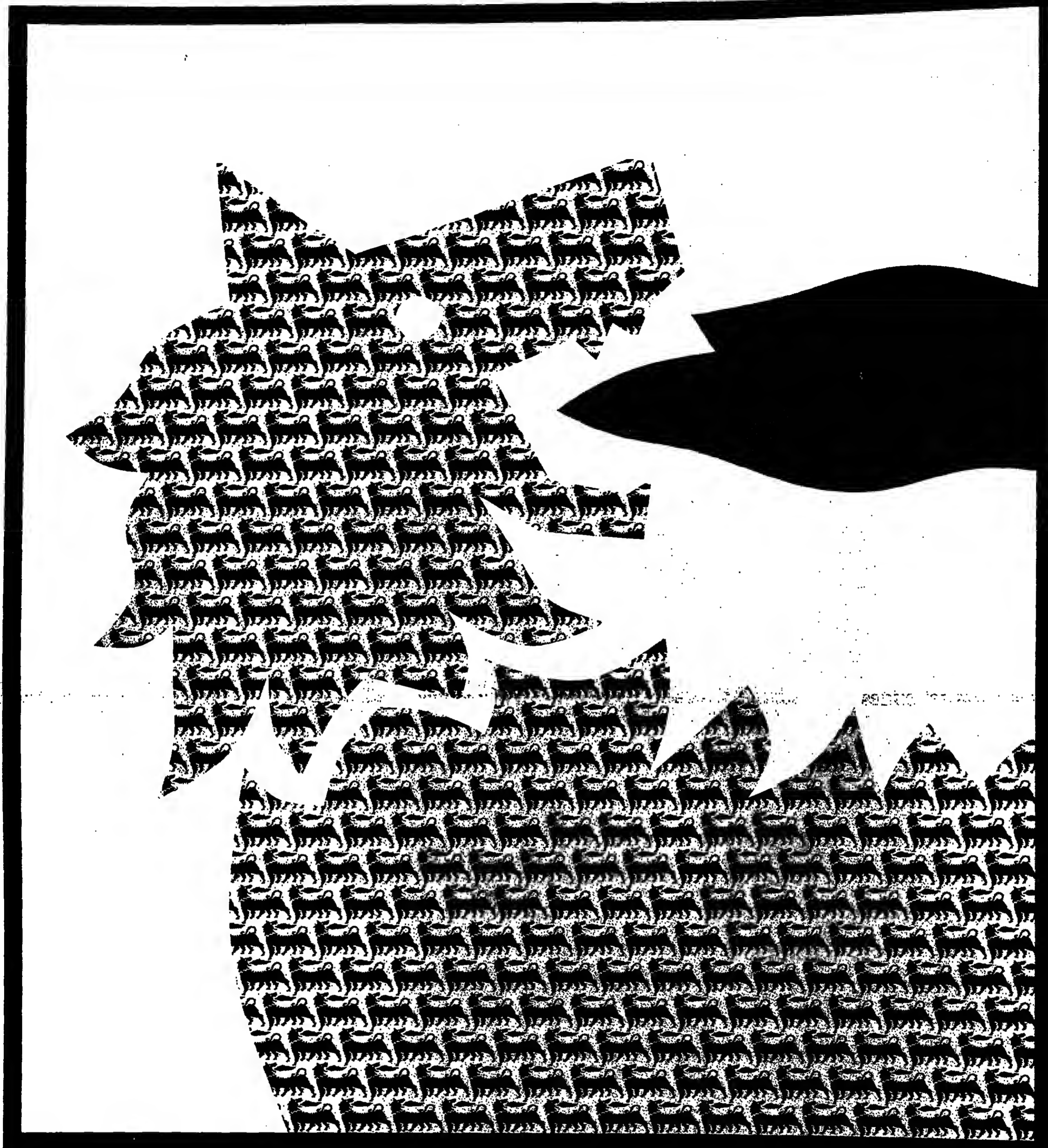
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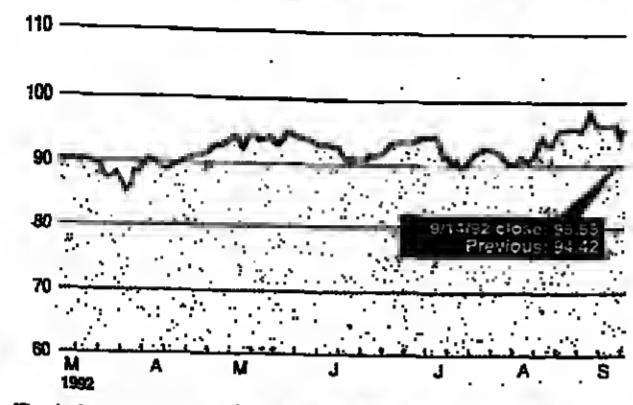
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For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

INTERNATIONAL STOCKS

Mexican Market Slides On Free-Trade Accord

By Tim Golden, New York Times Service

MEXICO CITY — After months in which investors in Mexican equities waited hopefully for a North American Free Trade Agreement, the announcement of an accord has brought only tougher times to the beleaguered Mexico City stock market.

It was the second-worst week of the year for the market, the Bolsa de Valores, and the fifth straight to register a decline. Since June, values on the Bolsa have fallen 32 percent. On Monday, the market rose 3.76 percent in the year's strongest advance to date, reflecting a worldwide rally.

Stock analysts in Mexico City and New York tied the problems in part to the trade pact that Mexico, Canada and the United States announced Aug. 12.

Increasingly, analysts criticize the Mexican government for having oversold the agreement by suggesting it would have a relatively quick economic impact and by playing down the difficulties involved in its ratification in the United States and Canada.

As those difficulties grew more obvious last week, interest rates on long-term Mexican Treasury certificates jumped above 19 percent, their highest level of the year.

But beyond hiring foreign investors into the money market, the rise in interest rates added to investors' broader concerns about the Mexican economy's prospects for growth, several analysts said.

"The market has really lost its compass in the short term," said Alexander C. Anderson, director of research for the Mexico City brokerage ABACO Casa de Bolsa SA.

In contrast to their initial response to the even sharper drop in Mexican equity values in June, brokers proffered relatively little optimistic commentary about a silver lining of good long-term values in the market.

As of last week, average prices were down to about 10.5 times last year's earnings; some companies' stock values were below eight times their projected 1992 earnings, brokers said. Earlier in the year, the valuations for some Mexican stocks reached as high as 18 times their projected 1992 earnings.

European Stocks Rally on German Rate Move

LONDON — Stock prices surged across Europe on Monday, sparked by the week-end realignment of European currencies and Germany's decision to reduce interest rates.

Prices ended off their gains, however, on disappointment over the size of the rate cuts. Key stock indexes gained 2.16 percent in London, 4.40 percent in Frankfurt, 3.97 percent in Paris and 4.04 percent in Milan.

Shares also ended sharply higher in Belgium, Finland, Norway and the Netherlands. Market participants said they hoped the rate cuts heralded a long-awaited decline in the high European real interest rates that are inhibiting growth.

"One hopes the ERM is now on a more durable basis," said John Sheppard, a senior economist at S.G. Warburg Securities in London, referring to the European Monetary System's exchange-rate mechanism.

But early euphoria subsided a bit when traders heard the Bundesbank was shaving only one-quarter of a point off its key Lombard rate in a realignment in rates and currencies to ease strains within the European Monetary System.

The German rate cuts were "long overdue, and there's some measure of disappointment they weren't greater," said Alan McKenzie, investment director at Scottish Widows Investment Manager Ltd. in Edinburgh.

The European component of the International Herald Tribune World Stock Index rose 1.06 percent, to 99.35; its gain was restrained by the rise in the dollar. The Asia/Pacific component rose 1.47 percent, to 86.54, and the overall index gained 1.20 percent, to 95.55.

In London, the Financial Times-Stock Exchange 100-share index surged nearly 100 points in the first few minutes of trading as investors speculated on the extent of the cut in German rates.

But fears quickly resurfaced that the rate cut might not be enough to lift selling pressure from the pound and allow the government to cut British interest rates soon.

"The scope for rate cuts here will be less," said Howard McGuire, head of U.K. equities at Allied Dunbar Assurance.

By the close, the index had trimmed its gains nearly in half, ending 51.2 points higher, at 2,422.1.

Market observers said the early jump on Wall Street helped to sustain the mood in the final minutes of trading, but dealers were still cautious ahead of the French referendum on the Maastricht treaty on Sunday.

"I'm reluctant to believe stocks will maintain the highs seen today, especially with the French vote on Maastricht next week, because a 'no' vote will renew all the pressure on sterling that today's moves lifted," said Kevin Gardner, U.K. economist at S.G. Warburg.

In Germany, the DAX index jumped 67.24 points, to 1,595.04. Opinion on the rate cuts was split. Some Frankfurt traders said they the Bundesbank

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move a face-saving gesture to appease international pressure for a cut in German rates. But others said they believed the small cut in the Lombard rate was just enough to signal that rates were not heading any higher, while keeping inflation in check.

Trading was brisk on the Paris Bourse. The Bundesbank's move was of particular importance for the French government, which is faced with a likely close vote in Sunday's referendum on the Treaty on European Union.

The CAC-40 index surged 71.7 points, to 1,573.6.

Prime Minister Pierre Bérégovoy promised early Monday that France would eventually follow Germany with interest rate cuts. But he and Finance Minister Michel Sapin both said there would not be any decision on French rates until after the referendum.

Italian shares roared ahead on hopes that Italy can lower its own interest rates now the weak lira has been devalued 7

percent in the currency grid. The MIB index jumped 29.00 points, to 747.00.

Stocks surged 2.35 percent in Madrid on the German rate cuts. The general index climbed 4.90 points, to 208.40.

For many big investors, though, the imminent French vote on Europe's future overshadowed the rate cuts. A French rejection of the Maastricht treaty is expected to prompt an exodus into Deutsche mark assets, and unsettle foreign exchange markets again.

As a result, some European institutional investors said they would not buy stocks until after the referendum.

"If we get a 'yes' vote on Sunday, it'll put a different complexion on it," said Mr. McKenzie of Scottish Widows Investment Management. "But the key thing at the end of the day is growth, and whether the interest-rate cuts we've seen will have any impact on that."

(UPI, Reuters)

Japan's Next Cut: a Question of When

By Steven Brill, International Herald Tribune

TOKYO — Although Japanese officials sought to squelch growing speculation, the cut in German interest rates on Monday has made an easing of Japanese monetary policy a question of when, not if, economists said.

Despite a series of five reductions over the past 14 months that has taken Tokyo's official discount rate to 3.25 percent, the Bundesbank's move will buttress the arguments of Group of Seven finance officials and central bankers meeting this weekend in Washington that the time has come for the Bank of Japan to make another cut.

Tokyo will likely agree to their pleas, more from nagging concerns about the ailing Japanese economy than a spirit of cooperation.

"The financial picture is still with us," said Geoffrey Barker, economist at Baring Securities (Japan) Ltd.

Despite the series of rate cuts and last month's 10.7 trillion yen (\$86 billion) package of fiscal measures, the Bank of Japan's tankan report last week showed that banks are becoming less, rather than more, eager to lend.

"Banks are not passing on the full benefit of past cuts," Mr. Barker said.

Money markets are already discounting another half-point cut in the Japanese discount rate, and "they'll be disappointed if it doesn't happen by October," he added.

The German rate cuts pushed Japanese stocks sharply higher on Monday, with the Nikkei index gaining 363.71 points, or 2 percent, to 18,471.40. Trading was light,

however, ahead of a holiday on Tuesday.

Other Asian market gauges climbed as well, with the Hong Kong Hang Seng index rising 1.26 percent and Australian stocks gaining 2.2 percent.

The half-point cut in Germany's discount rate, to 8.25 percent, and the quarter-point trim of the Lombard rate, to 9.50 percent, will give Tokyo more flexibility by providing support to the dollar and opening the door to an easing of U.S. interest rates, analysts said.

But shortly after the Bundesbank's announcement, Finance Minister Tadamoto Hata said that Japan "was not in a situation where we are forced to do something specific at the moment."

Many analysts dismissed the stance, echoed in similar tones by other officials, as an effort to set up a psychological impact for the next cut.

Stock and capital markets could be affected if rates are lowered this month, but the dollar is unlikely to rally against the yen until the U.S. economy shows signs of a stronger recovery.

A case for a further easing of Japanese monetary policy also can be made by the latest economic indicators, which show the economy continues to cool.

On Monday, the Bank of Japan reported that national wholesale prices rose only 0.1 percent in August from the previous month, and fell 1.1 percent from a year earlier. Money-supply figures for August to be announced Friday are expected to show a record-low increase, with some economists predicting an unprecedented year-on-year decline.

Mellon Bank Buys Boston Co. for \$1.45 Billion

BOSTON — American Express Co., seeking to boost capital as it recovers from a series of setbacks, is selling its Boston Co. investment subsidiary to Mellon Bank Corp. for about \$1.45 billion, the companies said on Monday.

The deal will give Pittsburgh-based Mellon a big push in the trust and private banking business, offering services to rich clients and big institutions.

It will give American Express a bundle of cash as it begins to get back on its feet from a number of troubles, such as severe losses on its Optima credit card and woes at its Shearson Lehman Brothers brokerage unit, which owned Boston Co.

Analysts said the sale of Boston Co. would help American Express shore up other sagging areas and may pave the way for more divestitures — perhaps of Shearson Lehman itself. Analysts also said the sale would cover the \$1 billion of capital American Express has pumped into Shearson, which it previously tried to sell.

The profitable Boston Co., whose economist Allen Sinai is widely quoted, had assets of \$34 billion under management at the end of June.

The Boston-based company, founded 125 years ago, provides mutual fund administration services, as well as institutional and private banking services.

Mellon will pay about \$1.30 billion in cash, \$115 million in Mellon common stock, and \$37 million in 10-year warrants that enable Shearson to buy 3 million common shares of Mellon at \$50 each.

Mellon's shares fell \$1.125, to \$40.25, on Monday.

Shearson said it would have a \$150 million gain on the sale of the business.

Wall Street has often speculated that American Express could sell Shearson, which earned \$207 million last year after a \$966 million loss in 1990.

Other officials, as an effort to set up a psychological impact for the next cut.

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First Chicago to Sell Loans

CHICAGO — First Chicago Corp. on Monday announced plans to sell \$2.1 billion in problem commercial real estate loans. It also will take a third-quarter loss provision of \$625 million — the amount it does not expect to recover on the sale of the loans — and has targeted \$150 million of existing reserves for the provision.

The loans encompass all of the lowest-rated commercial real estate assets of its flagship bank, First National Bank of Chicago.

"We have looked closely at the U.S. commercial real estate market and see no recovery in the near term," said Richard L. Thomas, the First Chicago chairman.

Other officials, as an effort to set up a psychological impact for the next cut.

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North American Trade Pact: Openings for Asia?

As Canada's minister for international trade, Michael H. Wilson was responsible for negotiations with the United States and Mexico that recently ended with an agreement to form a North American free-trade area with over 360 million consumers and more than \$6 trillion in annual output.

In Bangkok, he discussed the impact of the planned zone with Michael Richardson of the International Herald Tribune.

Q. What assurances can you give Asian nations that the North American Free Trade Agreement will not divert more trade and investment from them than it creates through faster growth in America?

A. Asians tend to look at NAFTA and the European Community and think that they are one and the same thing. However, NAFTA is clearly different from the EC common market.

The EC has eliminated internal trade barriers but established a common external tariff and is moving toward common internal regulations covering goods, services, capital and people.

The three NAFTA members will not increase trade barriers. We will maintain existing import regimes with our other trading partners. There will be no comprehensive harmonization of internal regulations

economic, social, cultural or otherwise. Asia is a very dynamic part of the world. Companies here have demonstrated their ability, adaptability and capacity to take advantage of opportunities. With a larger,

open market there will be greater trade and investment opportunities in North America and Asian companies will be there to take advantage of them. The new opportunities will outweigh any trade diversion.

Q. Nonetheless, NAFTA is planning rules requiring substantial local content before imported autos and textiles — both major East Asian exports to North America — will be eligible for tariff-free treatment. Isn't that protectionist?

A. Only if you look at it in a narrow way. But offsetting the increase in local content for the automotive sector are clear rules of origin and a generous phase-in period. For example, Honda has had difficulty in getting access from Canada into the U.S. market because the old rules of origin were not clear enough; now they are, and they

have been accepted by all three NAFTA signatories.

For textiles and garments that do not meet the new rules of origin, Canada is very substantially increasing import quotas. So while the new rules are more restrictive, there is greater access to the market through enlarged quotas.

Q. President George Bush said recently that he would explore the possibility of forging links between NAFTA and a free-trade area in Southeast Asia that countries in the region plan to launch in January. Does Canada support that proposal, and where do you think it will lead?

A. Mr. Bush has set forth a visionary approach to trade within the Asia-Pacific area. The president is saying that at some stage down the road, we will have to join hands across the Pacific. I think it's a laudable objective.

Q. Won't his offer to develop links between NAFTA and the Southeast Asian free-trade area put strong pressure on other Asian countries such as Japan, China and South Korea to open their markets more quickly so as not to be left out of a

liberalization process that may lead to a trans-Pacific free trade zone?

A. That's a logical conclusion. Countries in Latin America now see Mexico gaining an advantage in access in the U.S. and Canada — two countries with the highest standard of living in the world. That puts pressure on Chile, Venezuela, Argentina and other South American states to liberalize their economies to try to join NAFTA themselves.

Q. Do Mr. Bush's free-trade gestures fit comfortably with his decision earlier this month to greatly increase U.S. wheat export subsidies at the expense of other grain exporters, such as Canada and Australia?

A. No. But the wheat subsidy is a response to subsidized agricultural production from Europe that is biting into all our markets. We disagree with what President Bush has done because we think it will have an adverse impact on traditional Canadian markets.

However, it can help bring about a successful conclusion to the Uruguay Round of global trade talks by putting pressure on the EC to be more flexible on agriculture, we will all be beneficiaries.

CURRENCY & INTEREST RATES

Table with columns for Cross Rates, Eurocurrency Deposits, and Key Money Rates. Includes data for various currencies and interest rates.

U.S. Is Offering Russia Food Aid Of \$1.15 Billion

WASHINGTON — The United States offered Russia \$1.15 billion in loan guarantees and other assistance on Monday to buy food, and Washington held out hope it would offer more despite concern about Russia's ability to repay the loans.

The Agriculture Department announced the package consisting of \$900 million in U.S.-backed loan guarantees and \$250 million in food aid and other assistance.

About \$100 million of credit guarantees will be made available this month to buy grains and livestock feed, \$300 million for October-December use and \$300 million for January-February.

"These measures will assure that U.S. agricultural exports to one of our largest markets continue at a normal pace, even as Russia continues its dramatic economic restructuring," Agriculture Secretary Edward Madigan said.

To subscribe in Switzerland just call, toll free, 155 57 57

Notice of shareholder's general meeting

Notice is hereby given that the annual general meeting of shareholders will be held in Turin, at the offices of Sai - Societa Assicuratrice Industriale S.p.A., corso Galileo Galilei 12, on Tuesday September 29, 1992 at 10.30 a.m. and in case of a second call on Tuesday October 13, 1992 at the same place and time, for consideration of the following agenda:

- 1. Report of the board of directors and of the board of statutory auditors for the year ended March 31, 1992; financial statements as of March 31, 1992; financial statements as of March 31, 1992; related resolutions.
2. Resolutions concerning number and members of the Board of Directors.
3. Resolutions in accordance with art. 2357 and 2357 ter of the Italian Civil Code.

In order to participate to the general meeting, holders of ordinary (voting) shares and holders of preferred (non voting) shares are required to deposit their certificates, at least five days prior to the meeting, at the corporate offices in Turin - 25, via Marengo, or at any of the following banks:

Authorized banks: In the Netherlands: Amsterdam Rotterdam Bank N.V. In the Federal Republic of Germany: Commerzbank. In Switzerland: Banca Commerciale Italiana (Suisse), Credit Suisse and Societe des Banques Suisses. In France: Lazard Freres et Cie. In Great Britain: Lazard Brothers & Co. and S.G. Warburg & Co. Ltd. In Italy: the leading banks.

JUST FOLLOW THE STARS.

Advertisement for IFI Istituto Finanziario Industriale, featuring a star logo and text about shareholder meetings and company information.

MARKET DIARY

Wall Street Dances To Frankfurt Tune

Bloomberg Business News NEW YORK — Blue-chip stocks soared Monday to their biggest gain of the year after the Bundesbank cut interest rates.

European interest rates will lift the Dow Jones industrials to 3,500 in the next several weeks, said Jack Solomon, market analyst at Bear Stearns.

N.Y. Stocks

Intel gained 1 1/2 to 65 1/2 after Compaq Computer introduced a high-performance color notebook personal computer powered by Intel's 25-megahertz 386SL microprocessor.

Novell Inc. rose 3 1/2 to 57 1/2, getting a boost from new positive recommendations from analysts at Salomon Brothers and Merrill Lynch.

Symantec Corp. shares, bucking the market rally, plunged 4 1/2 to 11 1/2 on the company's warning that second-quarter earnings will fall short of analysts' estimates.

Mauna Loa Macadamia, a major grower of macadamia nuts, declined 1/4 to 6 1/4 on concern that its operations were hurt by Hurricane Iniki.

Microsoft rose 3 to 81 1/4. The company announced the availability of Money 2.0 personal financial management software for the Windows 3.1 operating environment.

DOLLAR: Rate Move Gives Boost

And he insisted that financial markets are in focusing on the quarter-point decline in the Lombard rate.

Much more important, he said, is the cut to 9.2 percent in the repurchase rate, known as the repo rate. Responding to this news, the cost of overnight money dipped to 9.4 percent from 9.7 percent, and the cost of three- and six-month funds dropped nearly half a point to 9.375 percent.

Foreign Exchange

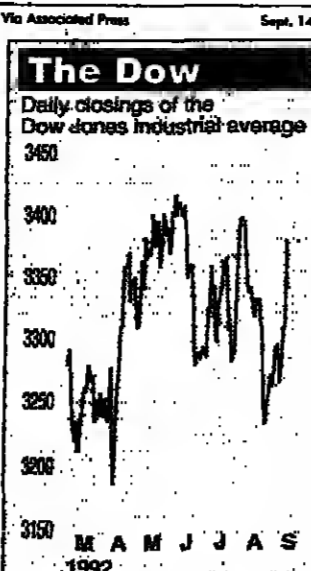
Sterling also moved up, closing in London at 2.8120 DM from 2.7897 DM last week.

The letdown in financial markets over the size of the Lombard rate cut was matched by anxiety within Germany. There, the worry is that the Bundesbank has lost its anti-inflation credibility by leaving its demands from its European neighbors to lower interest rates at a time when both money-supply and inflation in Germany remain well above the central bank's publicly stated targets.

"Make no mistake, the rates were cut because the economy is headed for a dramatic slowdown," he said.

What it all means, he explained, is that "the name of the game has changed. You no longer sell the dollar at its high, now you buy the dollar when it dips. This is just the start, the dollar over the next few months is headed much higher, easily to 1.70 marks."

The dollar opened global trading in Asia at 1.51 DM after having closed last week at 1.4508 DM, a caseback to around 1.49 DM as Europe awaited details of the rate cut, fell to 1.4690 DM on disappointment over the size and then recovered to 1.4815 on the realization market rates will be falling faster than at first thought.



1982 M A M J J A S

Most Active

Table with columns: Vol, High, Low, Last, Chg. Lists various stocks like Intel, Novell, Microsoft, etc.

NYSE Diary

Table with columns: Advance, Decline, Unchanged, Total Issues, New High, New Low.

Amex Diary

Table with columns: Advance, Decline, Unchanged, Total Issues, New High, New Low.

NASDAQ Diary

Table with columns: Advance, Decline, Unchanged, Total Issues, New High, New Low.

Dow Jones Averages

Table with columns: Open, High, Low, Last, Chg. for Industrial, Composite, and Utility indices.

Standard & Poor's Indexes

Table with columns: High, Low, Close, Chg. for Industrial, Composite, and Utility indices.

NYSE Indexes

Table with columns: High, Low, Close, Chg. for Composite, Industrial, and Utility indices.

NASDAQ Indexes

Table with columns: High, Low, Close, Chg. for Composite, Industrial, and Utility indices.

AMEX Stock Index

Table with columns: High, Low, Close, Chg.

Dow Jones Bond Averages

Table with columns: Close, Chg. for 30 Bonds, 10 Year, and 10 Year/10 Year.

Market Sales

Table with columns: NYSE adv. volume, NYSE adv. value, NYSE adv. shares, etc.

N.Y.S.E. Odd-Lot Trading

Table with columns: Buy, Sell, Short for various months.

S&P 100 Index Options

Table with columns: Strike, Call, Put, Last, Chg. for various months.

EUROPEAN FUTURES

Table with columns: Close, High, Low, Prev. Close for various commodities.

Metals

Table with columns: Close, High, Low, Prev. Close for various metals.

Financial

Table with columns: High, Low, Close, Change for various financial instruments.

LONG GILT (LIFFE)

Table with columns: High, Low, Close, Change for Long Gilt.

GERMAN GOVERNMENT BOND (LIFFE)

Table with columns: High, Low, Close, Change for German Government Bond.

3-MONTH EURO DOLLARS (LIFFE)

Table with columns: High, Low, Close, Change for 3-Month Euro Dollars.

6-MONTH EURO DOLLARS (LIFFE)

Table with columns: High, Low, Close, Change for 6-Month Euro Dollars.

9-MONTH EURO DOLLARS (LIFFE)

Table with columns: High, Low, Close, Change for 9-Month Euro Dollars.

12-MONTH EURO DOLLARS (LIFFE)

Table with columns: High, Low, Close, Change for 12-Month Euro Dollars.

U.S. FUTURES

Grains

Table with columns: High, Low, Close, Change for various grain futures.

SOYBEANS (CBOT)

Table with columns: High, Low, Close, Change for Soybeans.

WHEAT (CBOT)

Table with columns: High, Low, Close, Change for Wheat.

SOYBEAN MEAL (CBOT)

Table with columns: High, Low, Close, Change for Soybean Meal.

SOYBEAN OIL (CBOT)

Table with columns: High, Low, Close, Change for Soybean Oil.

WHEAT (CBOT)

Table with columns: High, Low, Close, Change for Wheat.

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WHEAT (CBOT)

Table with columns: High, Low, Close, Change for Wheat.

Industrials

Table with columns: High, Low, Last, Settle, Chg. for various industrial stocks.

Stock Indexes

Table with columns: High, Low, Last, Settle, Chg. for various stock indexes.

Spot Commodities

Table with columns: Today, Prev. for various spot commodities.

Dividends

Table with columns: Company, Per Annum, Pay Date for various companies.

U.S. FUTURES

Grains

Table with columns: High, Low, Close, Change for various grain futures.

SOYBEANS (CBOT)

Table with columns: High, Low, Close, Change for Soybeans.

WHEAT (CBOT)

Table with columns: High, Low, Close, Change for Wheat.

SOYBEAN MEAL (CBOT)

Table with columns: High, Low, Close, Change for Soybean Meal.

SOYBEAN OIL (CBOT)

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U.S. / AT THE CLOSE

Salomon Payment to Settle Civil Case

WASHINGTON (AP) — Salomon Brothers Inc. will pay the government \$27.8 million to settle charges it violated federal antitrust law in a Treasury bond auction scandal last year.

Maytag, Bosch-Siemens Set Venture

NEWTON, Iowa (Bloomberg) — Maytag Corp. and Bosch-Siemens Hausgerate GmbH said Monday that they had allied to consider joint marketing, distribution and research agreements.

Fed Toughens Rules on Bank Capital

WASHINGTON (Reuters) — The Federal Reserve Board adopted rules to shut down ailing banks quickly, marking a milestone in banking regulation.

2 Life Insurers Claim Fraud by NME

DALLAS (UPI) — Metropolitan Life Insurance Co. and Aetna Life Insurance Co. Monday filed a federal suit accusing National Medical Enterprises Inc. of widespread fraud totaling more than \$500 million in obtaining patients for affiliated psychiatric hospitals.

Pfizer and P&G Set Drug Venture

NEW YORK (Bloomberg) — Pfizer Inc. and Procter & Gamble Co. agreed Monday to develop jointly a new prescription drug called risedronate to treat and prevent osteoporosis.

Gold and Silver Advance

NEW YORK — Gold and silver prices rose sharply Monday on short-covering spurred by Germany's interest rate cuts.

The rate cuts fueled hopes of quicker economic growth, which in turn sparked speculation of a pickup in industrial usage of silver, analysts said.

Gold rose \$5.90, to \$347.30, an ounce. Analysts said gold's rise was perverse, given that the dollar had strengthened. But traders pointed to the buying of gold in local currencies and an absence of significant physical selling.

(Reuters, UPI)

WORLD STOCK MARKETS

Agency France Press Sept. 14

Large table listing world stock markets with columns for market name, index, and change. Includes Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Frankfurt, London, Milan, Singapore, Tokyo, Sao Paulo, Madrid, Paris, Montreal, and Sydney.

Market Closed

The stock market in Zurich was closed Monday for a holiday.

U.S. FUTURES

Via Associated Press Sept. 14

Table listing U.S. futures markets with columns for contract name, price, and change. Includes Grains, Soybeans, Wheat, Soybean Meal, Soybean Oil, and Livestock.

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Via Associated Press Sept. 14

Table listing U.S. futures markets with columns for contract name, price, and change. Includes Grains, Soybeans, Wheat, Soybean Meal, Soybean Oil, and Livestock.

Stock Indexes

SP COMP. INDEX (CME)

Table with columns: Date, High, Low, Close, Change for SP Comp. Index.

NYSE COMP. INDEX (NYSE)

Table with columns: Date, High, Low, Close, Change for NYSE Comp. Index.

NASDAQ COMP. INDEX (NASDAQ)

Table with columns: Date, High, Low, Close, Change for NASDAQ Comp. Index.

AMEX COMP. INDEX (AMEX)

Table with columns: Date, High, Low, Close, Change for AMEX Comp. Index.

NYSE COMP. INDEX (NYSE)

Table with columns: Date, High, Low, Close, Change for NYSE Comp. Index.

NASDAQ COMP. INDEX (NASDAQ)

Table with columns: Date, High, Low, Close, Change for NASDAQ Comp. Index.

AMEX COMP. INDEX (AMEX)

Table with columns: Date, High, Low, Close, Change for AMEX Comp. Index.

Commodity Indexes

Moody's

Table with columns: Commodity Name, Price, Change for various commodity indexes.

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Money Issues Street

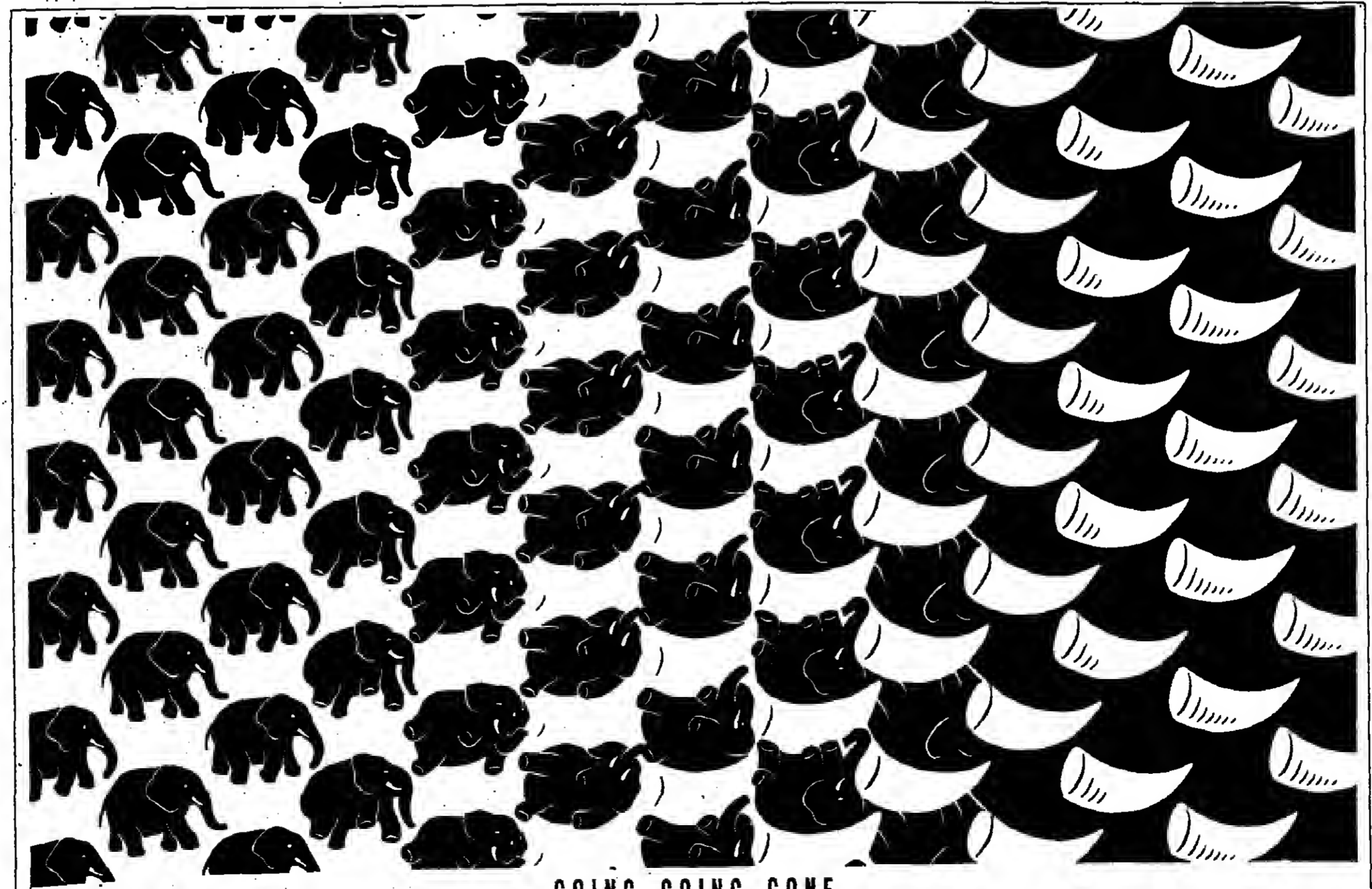
INTERNATIONAL FUNDS

Sept. 14, 1992

Table of international funds with columns for fund name, currency, and price. Includes sections for 'INTERNATIONAL FUNDS', 'Other Funds', and 'ADVERTISMENT'.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

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GOING GOING GONE.

The African Elephant, an endangered species, has about 500,000 left in 1992. To help them fight a common enemy, it's easy to blame the poachers, but it's not so simple. We're equally responsible. If we act now, we can help to save them. For more information, or to make a tax-deductible contribution, contact the African Wildlife Foundation, 770 Massachusetts Avenue, N.W., Washington DC, 20002, USA.

MCI

And What's in a Brand Name? CUTS: For Acquisitions, Everything

By Kenneth N. Gilpin
New York Times Service
NEW YORK — Gillette, Borden, Nabisco, Parker Pen, Martini & Rossi, Stella D'Oro.

After spluttering for almost two years, merger and acquisition activity suddenly picked up in the last two weeks, and the traffic was heavy with well-known brand names.

For RJR Nabisco, the decision to sell its old cereal brands and shelf space must be seen in the context of the Stella D'Oro purchase, which gives the company a foothold in the market for higher-priced cookies.

"Shredded Wheat is a terrific brand, but Nabisco is No. 6 in the cereal business," Mr. von der Heyden said. "Strategically, it is not as valuable to us as it is to General Mills, because we don't have the competitive muscle they do."

General Mills paid \$450 million for the Nabisco cereals, and people in the industry estimate that RJR Nabisco paid more than \$100 million for Stella D'Oro Biscuit Co., which is based in New York.

"The buzzword in business now is back to basics," said Jack Trout, a marketing strategy firm in Greenwich, Connecticut.

Milind M. Lele, a managing director at SLC Consultants Inc., a strategic consulting firm in Chicago, said: "The perception is that the cost of building a brand name from scratch is too high relative to purchasing one. From a risk perspective, many managers can't defend the uncertainty of building a brand name from scratch. The fact of the matter is that in many categories, like wine, cereals and pens, there is already a saturation of brand names."

The transactions say a lot about the enduring strength of brand names.

"The great brand names of today are very valuable, because they almost guarantee you very good cash flow into the future," said Karl von der Heyden, chief financial officer of RJR Nabisco. "As long as they get nourished in terms of marketing and advertising support, they can grow forever."

In addition to purchasing name recognition, companies buying well-established brands also get access to or control of broad-based distribution networks.

"Per square inch, the most expensive real estate around isn't in Manhattan," said Gary Stibel, president of the New England Consulting Group in Westport, Connecticut. "It's on the shelves at stores like Kroger, Wal-Mart or A&P."

Martini & Rossi's European distribution network was the main attraction for Borden, whose rums are widely available only in North America, industry analysts said.

"If you are going to be a global player in the wine and spirits business, you have to have a distribution system or access to one," said Martin Romm, a managing director and beverage analyst at First Boston Corp.

Gillette, which already owns Waterman SA of France, a maker of high-priced pens, chose to increase market share by buying Parker Pen.

"Sellers are saying, 'This is a good business, but it is not where I am going,'" said James H. Higgins, a managing director and head of North America mergers and acquisitions at J.P. Morgan & Co., Borden's adviser in the Martini & Rossi purchase. "In the next breath they say, 'If it fits your business, you are the logical buyer. If it's not, don't come shopping.'"

CUTS: Not Enough?

(Continued from page 1)
to try to hold the line even if the French reject the Maastricht agreement.

"Do they have the will to resist? I would say, 'yes,'" he said. "Do they have the means to resist? I would say, 'yes.' Is that an absolute guarantee that a realignment won't occur? No."

For the British government, which has staked its reputation on maintaining at all cost the value of the pound within the European Monetary System, the German rate cut came as a welcome relief.

"The significant thing is that the direction is now clearly downwards," said Norman Lamont, Britain's chancellor of the Exchequer.

In contrast to Italy, said Hans Tietmeyer, vice chairman of the Bundesbank, "the British have already decided to defend the exchange rate, and they have taken the appropriate measures to do so."

But British industrialists were clearly disappointed that interest rates in London were likely to remain stuck at painfully high levels.

"We had hoped for more than this," said Howard Davies, director general of the Confederation of British Industry. "Regrettably, it is unlikely to provide the chancellor with much room for maneuver to reduce U.K. rates in the short term."

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BUNDESBANK: Historic Independence Might Now Be Compromised

(Continued from page 1)

Mr. Schlesinger, echoing the predominant opinion among German economic and monetary officials, said he did not think the economy was in recession, although he conceded that "there are weaker trends visible in some areas."

He defended the rate cuts, which he acknowledged were not justified by a recent declaration of inflation, as a compromise between Germany's needs and those of its neighbors.

The Bundesbank last week spent a record 24 billion DM (\$16.74 billion) defending the Italian lira from a free-fall, Mr. Schlesinger noted, calling the situation unsustainable.

"We asked the government to rescue us from this situation by asking for a realignment," he said. The Bundesbank vice president, Hans Tietmeyer, was charged with bringing up the subject with officials in Bonn and Rome, who tentatively agreed last Friday.

To ensure support for the realignment, which European Community finance ministers as recently as last week had flatly ruled out, Mr. Schlesinger said: "With an eye to the future of our partners, we asked ourselves how far we, the Bundesbank, could match these measures. We did so by cutting the discount and Lombard rates and by seeing that money market rates come down half a percentage point."

Bundesbank policy-makers gave the deal a go-ahead in principle over the weekend and met Monday to decide the size of the rate cuts.

Mr. Schlesinger avoided using the word "compromise" and Mr. Tietmeyer warned against calling the events on Monday "a precedent." The decision to cut rates, though part of a deal, was "a sovereign decision of the Bundesbank," Mr. Tietmeyer said.

The result, announced late Sunday in Brussels, was in effect a 7 percent devaluation of the lira and simultaneous cuts in Germany's leading interest rates. The emergency Lombard rate was cut three-quarters of a percentage point, to 9.5 percent, and the discount rate, the cheapest rate to banks, by half a percentage point, to 9.25 percent. In addition, the rate on upcoming bank refinancing instruments called repos was set at 9.2 percent, down from 9.7 percent.

At a hastily called press conference, Mr. Schlesinger made it clear that the Bundesbank thought it was too early for a rate cut at this time without the devaluation, which marginally affects German inflation by cutting the cost of goods imported from Italy.

"Given our medium-term goals, we would not have been inclined to make these decisions at this time if it weren't for the foreign economic situation," he said, referring to the nagging exchange rate pressures.

But by reacting to currency market pressures, the Bundesbank in effect assigned a higher priority to difficulties elsewhere in Europe than to domestic considerations, some critics said.

"They certainly look less independent now than they did last week," said Thomas Mayer, a senior economist at Goldman Sachs in Frankfurt. "The Bundesbank has subordinated its monetary range target to exchange rate targets and political pressures."

Joseph Prendergast, an economist at MMS International in Frankfurt, agreed, saying, "There are some good reasons why they did this, but as far as the market's view of credibility goes, this is a very big step backwards for the Bundesbank."

Just last week Schlesinger said there was no scope to ease interest rates on domestic grounds," Mr. Prendergast said. "As far as I'm aware, there's nothing that happened over the weekend to change this situation and therefore the Bundesbank made a compromise."

In order to regain trust in global markets, the Bundesbank is likely to avoid cutting rates again for quite a while, Mr. Prendergast said. "I think we're going to see a very, very slow downturn in interest rates from here on in," he said.

Mr. Schlesinger clearly called the Bundesbank decision "a consequence of the exchange rate system" and conceded the central bank would not meet its benchmark money supply target in 1992. Taking a positive view, however, he said German inflation had been falling recently.

Heidemarie Sherman, a senior economist at the Ifo-Institut für Wirtschaftsforschung, a Munich think tank, agreed that the Bundesbank had buckled under pressure, but said the event's significance should not be exaggerated. "It might look bad," she said, "but I don't think it will affect the Bundesbank's independence."

LIRA: Where Are Spending Cuts?

(Continued from first finance page)

Stampa, on Monday that the only advantage of the devaluation — "and we will see how positive it will be" — was the lowering of German interest rates.

"What is needed now is that the negotiation between government, labor and industry on the cost of labor goes the way it should and that the necessary measures are taken on pensions and health," he said.

Mr. Amato has promised to take steps to sell off parts of the debt-burdened state-owned economy to private buyers and to take politically unpopular steps to trim the budget deficit, but he has been criticized by some economists for moving too slowly to cut costs.

Some industrialists, including Mr. Agnelli, had argued against a devaluation, saying the malaise should be solved through tighter fiscal management. But others, such as Carlo De Benedetti, the chairman of Olivetti SpA, suggested devaluation was inevitable because financial markets regarded the lira as overvalued.

Umberto Agnelli, brother of Gianni Agnelli, said the devaluation "sanctioned the bad management of the Italian economy these past years."

A leading economic commentator, Mario Monti, said: "What has fallen is not a tile or a chimney but the central pillar of Italian economic policy — a stable exchange rate."

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UNI Absorbs Loss on Skandia Stake

OSLO — The holding company set up by the Norwegian state to run the affairs of the collapsed insurer UNI Storebrand will absorb a 3 billion kroner (\$526 million) loss on UNI's 28.3 percent holding in the Swedish insurer Skandia, company officials said Monday.

The holding company, UNI Storebrand Nye A/S, has bought the stake from UNI's three operating companies — life insurance, car insurance and international reinsurance units — at the price paid for the shares last year, 220 Swedish kroner (\$41.75) a share.

But on the holding company's books, the price of Skandia shares on Aug. 31, said a board member, Oystein Eskeland. The resulting loss is about 3 billion kroner.

With this procedure the three operational units do not record losses, he said, adding the holding company could handle the resulting debt. UNI's eight-month accounts are to be published Oct. 30.

In addition, the holding company is giving UNI

Storebrand's life insurance subsidiary a 360 million kroner capital injection, Norwegian state radio said.

The Finance Ministry appointed state administrators for the old UNI Storebrand last month after a liquidity crunch forced it to suspend repayments of 3.3 billion kroner in short-term debt accumulated largely to buy the Skandia stake. UNI and the Danish insurer Hafnia, which has also suspended payments, were seeking to take over Skandia, but failed and were left with shareholdings that plunged in value.

UNI's shares were suspended from trading on the Oslo exchange on Aug. 24, and the exchange said Monday that they would remain suspended at least until Nov. 14.

Also Monday, UNI Storebrand Nye presented its new management. Per Terje Vold, the former deputy managing director, replaces the ousted Jan-Erik Langangen.

The "scope of the changes must be seen in light of the need to build up new confidence in the group," Mr. Vold said, "and the fact that confidence in the past management was not what it should have been."

(Reuters, AFP)

Car Distribution Boosts Inchcape's Profit

LONDON — Inchcape PLC said Monday that results in its motor division helped boost pretax earnings for the first half by 28.3 percent from a year earlier on a 33.7 percent sales gain.

The British commercial services company said it earned £117.1 million (\$221 million), or 14.6 pence a share, before taxes in the first half, up from £91.3 million, or 13.6 pence a share, a year earlier.

Sales totaled £2.34 billion, up from £1.75 billion.

Inchcape's chief executive officer, Charles Mackay, said he was "cautiously optimistic" about the company's prospects.

"We have shown we are very resilient in the recession," Mr. Mackay said.

He added, "I think in the present world situation one has to take it month by month."

Operating profit at the motor division, the company's largest, jumped 41 percent. But without the contribution of Tozer Kelsky Motors, acquired in early 1992, profit from car importing, distributing and

retailing would have grown 6.5 percent, Mr. Mackay said.

In marketing, consumer goods, industrial products, business machines, wines and spirits Inchcape total pretax profit of £24.2 million, down from £26.5 million.

Its services business, which includes shipping, insurance, buying and testing, had pretax profit of £16.2 million, down from £23.5 million.

Inchcape said it would pay a first-half dividend of 5.4 pence a share, up from 5 pence a year earlier.

(Bloomberg, Reuters)

GPA Plans Its Market Comeback

DUBLIN — GPA Group PLC, the big aircraft leasing company, plans to issue \$300 million worth of convertible securities to replace the \$1 billion stock offering it had to pull abruptly in June, aviation sources said Monday.

The securities are to be issued in Luxembourg.

The sources said GPA's founder, Tony Ryan, told shareholders he was prepared to take part on a pro rata basis. That would cost him up to \$25 million — the estimated personal fortune he has as a result of his 9 percent stake in GPA.

Since the stock flotation on leading world markets had to be canceled for lack of investor support, GPA has been urgently seeking fresh equity against the background of a turbulent aviation industry.

Air Canada and Aer Lingus, two major GPA shareholders, had been eager to sell large chunks of their shares in the failed flotation to finance fleet replacement, Mitsubishi Trust and Long-Term Credit Bank, two big Japanese shareholders, may be reluctant to inject cash.

Hoogovens Widens Planned Job Cuts

HOOGOVENS NV, the Dutch steel and aluminum company, announced drastic job cuts and cost savings on Monday in a bid to return to profit in 1993.

Hoogovens said it would slash 4,500 of the 15,000 jobs in its steel division by 1995 as part of a drive to reduce annual costs by 700 million guilders (\$431 million). It had previously targeted 2,500 job cuts and cost savings of 500 million guilders by 1995.

The plan would involve 2,300 job cuts and cost savings of 300 million guilders through the end of 1993.

The news boosted the share price on Monday by 2.80 guilders, to 40.70 guilders.

The company said the additional measures would lead to extraordinary charges of several hundred million guilders in 1992 but would enable it to return to profit in 1993.

"Even if the poor market conditions remain unchanged, it is expected that the effect of the measures will lead to a positive result in 1993," it said in a statement.

Hoogovens said in August that it had posted a pretax operating loss of 70 million guilders in the first half of 1992 and that losses would increase in the second half.

"If we don't make sure that we become profitable again, then we take away the company's right to exist," said the Hoogovens chairman, Olivier van Royen.

Mr. van Royen said Hoogovens would not turn to the Dutch government or the European Community to bail it out. Hoogovens is 10 percent owned by the Dutch government.

The company said oversupply and price erosion in the West European steel market were being caused by imports of cheap steel from Eastern Europe, greater steel capacity in the European Community, state aid in some countries and the weak dollar.

(Reuters, Bloomberg)

Investor's Europe

Exchange	Index	Monday Close	Prev. Close	% Change
Frankfurt DAX	1900	2600	2100	
London FTSE 100 Index	2600	2700	2600	
Paris CAC 40	1800	1900	1800	
Amsterdam CBS Trend	113.10	109.20		+3.57
Brussels Stock Index	5,483.48	5,344.93		+2.58
Frankfurt DAX	1,595.04	1,527.80		+4.40
Frankfurt FAZ	623.34	600.27		+3.84
Helsinki HEX	589.37	573.99		+2.68
London Financial Times 30	1,775.40	1,730.80		+2.57
London FTSE 100	2,422.10	2,370.90		+2.16
Madrid General Index	213.30	208.40		+2.35
Milan MIB	747.00	718.00		+4.04
Paris CAC 40	1,873.60	1,801.99		+3.97
Stockholm Aftersvaerden	875.53	820.35		+5.73
Vienna Stock Index	371.77	352.91		+5.34
Zurich SBS		624.90		

Sources: Reuters, AFP

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SPORTS FOOTBALL

Bills Outlast 49ers, Making 34-31 Point In 'AFC-NFC Thing'

The Associated Press
It does not get much crazier than this, even in the zany world of the National Football League.

"At times, I thought both teams were a little delirious," said Darryl Talley, a linebacker, after his Buffalo Bills and the 49ers racked up 1,086 yards and 65 points, with 820 yards and six touchdowns through the air in San Francisco.

"Oh, yes, the Bills rallied for a 34-

"They just kept us off balance. I feel that as a defensive guy, I've got to go over and apologize to our offensive guys. They did a great job out there."

There were no punts in the game.

Broncos 21, Chargers 13: In Denver, it was John Elway to the rescue once more, although not too dramatically.

He threw a 32-yard touchdown pass to Mark Jackson just five minutes into the game, then accounted for two third-quarter scores, scrambling 8 yards for one and hitting Shannon Sharpe for 34 on the other.

NFL ROUNDUP

31 triumph Sunday, a significant victory for the losers of the last two Super Bowls.

"We have a long way to go, but the 49ers are a great team and there's this AFC-NFC thing," said Pete Metzelaars, who caught two of Jim Kelly's three touchdowns passes. "To win a game against the NFC is a great thing for us."

And to do it on the road was even more impressive. Many felt the Bills were ready to slip this year, but their first two games have been offensive showcases featuring the usual stars, like Kelly and Thurman Thomas, and substitutes, like Metzelaars.

"We had a lot to prove to ourselves," Kelly said.

They didn't prove it before going through what Talley described as "60 minutes of hell." Mike Cofer was wide right on a 47-yard field goal in the final minute for San Francisco, reviving memories of the 1991 Super Bowl, when Scott Norwood did the same thing and Buffalo lost.

The wild game featured 400-yard passing games by Kelly and Steve Young, Youngs with Jerry Rice sidelined with a concussion in the first period, was 26 of 37 for 449 yards and three TD passes. Kelly, despite not having tight end Keith McKeller, was 22 of 33 for 403 yards and three scores.

"What they do is cause us such problems with the no-huddle thing," said Mike Walter, a 4er linebacker. "It can be very chaotic. All of a sudden you face it and you've got to learn how to play against it."

The Broncos also had five sacks and two interceptions in beating San Diego for the sixth straight year at Mile High Stadium.

Oilers 20, Colts 10: In Indianapolis, Lorenzo White, a running back, was Warren Moon's main weapon in the run-and-shoot. Moon found Curtis Duncan eight times for 94 yards and Haywood Jeffries six times for 59 and a score, but White had a career-high 106 yards on four catches, one 69 yards for a touchdown.

Moon, intercepted five times the previous week, completed 29 of 39 passes for 361 yards, surpassing 300 passing yards for the 33rd time.

Rams 14, Patriots 6: In Anaheim, California, the Rams posted their first shutout in 60 games and their first victory in 12 as they got seven sacks and two interceptions off New England's Todd Lyght.

Kevin Greene got three sacks, Gerald Robinson and Mike Piel each two. The Pats never got inside the Rams' 20.

Steelers 27, Jets 10: In Pittsburgh, Barry Foster rushed for 190 yards, the best showing by a runner for the Steelers in 22 years, and scored from 54 and 23 yards.

Pittsburgh also forced seven turnovers, giving it 12 through two victories. The Jets lost three fumbles and threw four interceptions, including Larry Griffin's 65-yard touchdown return of a Ken O'Brien pass late in the fourth quarter.

The Jets' starting quarterback, Browning Nagle, was 9 for 29 for 117 yards and one interception before leaving with an injury to his right hand. Nagle threw for 366 yards last week.

Eagles 31, Cardinals 14: In Phoenix, Herschel Walker got his second straight 100-yarder game, a first since 1987 for him. The high-priced free agent rushed for 115 yards on 28 carries.

Fred Barnett broke loose for two touchdowns, one a 71-yarder, and had a career-high 193 yards receiving.

Philadelphia's defense, No. 1 in the league last year, capped the victory in the fourth quarter as Seth Joyner knocked the ball loose from the Phoenix quarterback, Chris Chandler, and Reggie White caught it and went 37 yards to score with 2:02 left.

Timm Rosenbach, the Cardinals' starting quarterback, sustained a separated right shoulder when hit by Clyde Simmons in the second period.

In earlier games, reports on which appeared in some Monday editions of the International Herald Tribune:

Redskins 24, Falcons 17: In



HE WAS IN HOG HEAVEN — Bob Mote of the North Conway Village Hogs returning a kickoff against the Mass Minuties in the 22d annual World Mad Bowl in North Conway, New Hampshire. The Hogs, scoring with five seconds to play, routed out a 1-13 victory.

Washington, Desmond Howard of the Redskins scored from 55 yards on a lateral punt return, and Deion Sanders countered with a 99-yard kickoff return on consecutive plays as the teams erupted for 35 points in the second quarter after a scoreless opening period.

Atlanta also got an 89-yard touchdown pass from Chris Miller to Michael Haynes. But Miller, with 13 yards on scrambles, was the Falcons' leading rusher while Washington countered with Mark Rypien's touchdown passes of 5 yards to Earnest Byner and 16 to Gary Clark.

But the Redskins lost their All-Pro cornerback, Darrell Green, in the final period with a broken radius bone in his right arm. He could be out as long as four weeks.

Browns 31, Packers 3: In Tampa, Vinny Testaverde became the Buc's career passing leader, surpassing Doug Williams, by completing 22 of 25 attempts for 363 yards and two touchdowns despite a case of the flu. Testaverde also scored on a 2-yard run against Green Bay.

Testaverde hit his first nine passes and had completions of 40 yards to Mark Carrier, 41 yards to Lawrence Dawsey and 49 yards to Courtney Hawkins.

Cowboys 34, Giants 28: In East Rutherford, New Jersey, Dallas seemed headed for its most convincing victory against New York, taking a 34-0 lead early in the third quarter as Troy Aikman threw for two touchdowns and the special teams hinked two punts and scored once.

But the Giants, who had not scored more than 24 points in Ray Handley's first 17 games as coach, ripped the Cowboys' defense to shreds on the next four possessions, with Phil Simms taking his team on scoring marches of 80, 80, 62 and 55 yards before a final drive stalled and Dallas ran out the clock.

Bengals 24, Raiders 21: In Cincinnati, Dan Land fumbled the overtime kickoff and Antoine Bennett recovered, setting up Jim Brown's 34-yard field goal against Los Angeles.

The Bengals, rocked by scandal

as 20 former and current players were named last Tuesday in a rape lawsuit, withstood a strong performance by the Raiders' quarterback, Jay Schroeder, who connected on 24 of 37 passes for 367 yards. He hit all five of his passes for 73 yards before Marcus Allen's 1-yard touchdown run with 1:56 left tied the score.

Saints 28, Bears 6: In New Orleans, the defense were in charge of the first half. Then the Saints erupted for four touchdowns, with the defense getting two against Chicago.

Bobby Hebert, after a 3-for-14 first half for 23 yards, found Eric Martin for a 52-yard touchdown pass and Wesley Carroll for 72 yards.

With 3:29 to go, Rickey Jackson sacked Jim Harbaugh, who fumbled. Robert Goff, the Saints' nose tackle, scooped up the ball and went 21 yards for a touchdown.

Just 1:21 later, Reggie Jones picked off a tipped pass and returned it 71 yards for the Saints' final score.

Mississippi State Coach Says Castration 'Educated' Team

The Associated Press
STARKVILLE, Mississippi — Jackie Sherrill, the Mississippi State football coach, says he allowed a calf to be castrated in front of his football team prior to a Sept. 5 victory over the Texas Longhorns as an educational and motivational experience.

"The whole story came when I asked our players what a steer was and none of them knew what a steer was," Sherrill said Sunday.

He said the castration was performed on the team's practice field for two reasons, motivation and education, with education "probably the biggest reason."

Asked how a castration would motivate his players, Sherrill said, "That's everybody's different perception."

Mississippi State, now ranked No. 24, defeated Texas, 28-10.

The university president, Donald Zacharias, said he had talked briefly with Sherrill and the athletic director, Larry Templeton about the matter, but added: "I don't have any comment at this time."

John Harkness, associate dean of the veterinary medicine school, said that "as a veterinarian concerned with the treatment of animals at Mississippi State, I think it was out of place."

The incident came to light after a complaint was filed last week with the Animal Rescue League.

The calf's owner performed the castration and Sherrill said there was nothing inhumane about it because, "they were going to perform the castration anyway. A guy from the vet school, his assumptions and his comments are not valid."

"The calf is standing in living color today going about his business. Let me put it this way: I don't think that calf was embarrassed."

SIDELINES

Lartigue Takes Lead in Beijing Rally

PARIS (AFP) — Pierre Lartigue of France, in his Citroën, won in Monday's stage from Uzbekistan into Kazakhstan and took the lead in the Paris-Moscow-Beijing rally when Bruno Saby's satellite navigation system broke down and the French driver of the leading Mitsubishi lost 30 minutes.

Keijiro Shinozuka of Japan, in a Mitsubishi, moved up to second overall, with Saby in third place.

Norman Defeats Lietzke in Playoff

OAKVILLE, Ontario (Reuters) — Greg Norman ended a 28-month drought, although blowing a five-stroke lead in the last five holes, by sinking a three-foot (one-meter) birdie putt on the second playoff hole to beat Bruce Lietzke for the Canadian Open golf title.

Norman, who made a nine-foot birdie putt at 18 to force the playoff, then needed to make a two-foot par putt at the first extra hole.

For the Record

Wayne Cook, UCLA's quarterback, was found to have two torn ligaments in his right knee in the season-opening victory over Cal State-Fullerton and is out for the season. (AP)

Alexei Zhimnik, 19, a defenseman for the gold medal-winning Unified Team in the 1992 Winter Olympics, signed a multiyear agreement with the Los Angeles Kings of the NHL. Terms were not disclosed. (AP)

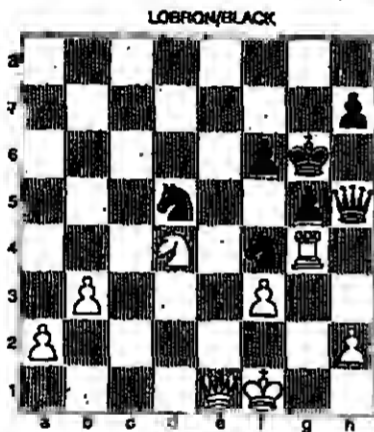
CHESS

By Robert Byrne

IN the final of the Swiss Rapid Chess Challenge Tournament in Brussels, Adams, the English grandmaster, groped around after getting a slight advantage in the opening, but he did not hit his winning stride until he was faced with challenging defensive problems.

Lobron, the German grandmaster, evened things by winning a second game, both with 25 minutes for each player for all moves, but Adams took the \$50,000 first prize by winning the two five-minute tiebreak games.

Here is Adams' virtuosic defensive game played on July 10.



Position after 52... Nhf4

could not play 19 Bb6? Because of 19... Nc6! 20 f3 Nc4, winning material. After 19 Nc4 d5 20 cd, Lobron could have had a slight advantage with 20... Nc3 21 Rd3 ed 22 Nd5 Nd3 23 Rc8 Qc8 24 ed Bd5. But he wanted to create complications against an opponent who seemed indecisive and therefore sacrificed rook for knight with 20... ed? 21 Bc6 Rc3 22 Rc3 de.

Suddenly Adams came to life with 23 Rd6! and a powerful threat of 24 Rc8. This virtually forced the exchange 23... Bb7 24 Bb7 Qb7, which removed an important black attacking bishop. Then 25 Nb5! threatened 26 Nb6 and gained time, after 25... Qd7 for 26 Nc7!, for 26

White	Black	White	Black
Adams	Lobron	Adams	Lobron
1 cd	28 g4	Qc8	Qc8
2 Nf3	29 g5	Qc8	Qc8
3 Qd4	30 Nc3	Rd3	Rd3
4 Nc3	31 Qd5	Rd3	Rd3
5 Qd4	32 Qc7	Rd3	Rd3
6 Qd4	33 Nf4	Rd3	Rd3
7 Qd4	34 Qc7	Rd3	Rd3
8 Qd4	35 Rd6	Rd3	Rd3
9 Qd4	36 Qc7	Rd3	Rd3
10 Qd4	37 Qc7	Rd3	Rd3
11 Rd6	38 Qc7	Rd3	Rd3
12 Rd6	39 Qc7	Rd3	Rd3
13 Rd6	40 Qc7	Rd3	Rd3
14 Qc7	41 Qc7	Rd3	Rd3
15 Qc7	42 Qc7	Rd3	Rd3
16 Qc7	43 Qc7	Rd3	Rd3
17 Nc4	44 Qc7	Rd3	Rd3
18 Nc4	45 Qc7	Rd3	Rd3
19 Nc4	46 Qc7	Rd3	Rd3
20 Nc4	47 Qc7	Rd3	Rd3
21 Nc4	48 Qc7	Rd3	Rd3
22 Nc4	49 Qc7	Rd3	Rd3
23 Nc4	50 Qc7	Rd3	Rd3
24 Nc4	51 Qc7	Rd3	Rd3
25 Nc4	52 Qc7	Rd3	Rd3
26 Nc4	53 Qc7	Rd3	Rd3
27 Nc4	54 Qc7	Rd3	Rd3

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Answer: That pesky restaurant was popular with the university crowd because it had all come from the BEST SCHOOLS.

BOOKS

FEAR: The Arbat Trilogy, Volume Two

By Anatoli Rybakov. Translated by Antonia W. Bouis. 696 pages. \$24.95. Little, Brown & Co. Inc., 34 Beacon Street, Boston, Massachusetts 02108.

Reviewed by Julia Watson

HISTORY in the Soviet Union was never left to anything as dicey as factual record. Compiled by officials, it was scrupulously sanitized and popularized to create a pantheon of heroes and heroines acting selflessly on behalf of the Motherland. While the clear requirements of the Revolution and the extraordinary courage of the Russians during World War II were made known in both East and West, only in the West was it learned that Stalin was more despot than hero. No hint was given in the Soviet Union that Stalin could have engineered the murder of Kirov in 1934 as a pretext to unleashing the Great Terror, the holocaust against his own people that slaughtered millions more of his countrymen than the world war that followed.

With so much hidden from the Soviet people, *glasnost* was necessary less to encourage writers and artists, commentators and journalists in free expression than to allow the filling in of the gaps in the history of communism. If there was to be a *perestroika*, the people had to know in what great extent the reconstruction was necessary.

The first exposure of Stalin's rule of terror to test how much "openness" *glasnost* would allow was Anatoli Rybakov's long-suppressed "Children of the Arbat," published in 1987 in the literary journal *Druzhba Narodov*. Set in Moscow's intellectual quarter in the 1930s, it told the tale of a group of young friends growing up under Stalin. Its underlying criticism of the Communist Party was shocking to readers unused to anything but glowing propaganda.

"Fear," the sequel in what the publishers call "The Arbat Trilogy," covers the years of Stalin's worst purges — 1935 to 1937. Stalin himself is one of the protagonists, but even he is a flat character. It is the central problem of the book. The West has come to expect, with the writings of *senioritas* writers like Solzhenitsyn and Akhmatova, a high literary standard. Rybakov is not a sparkling writer. Nor is he disciplined.

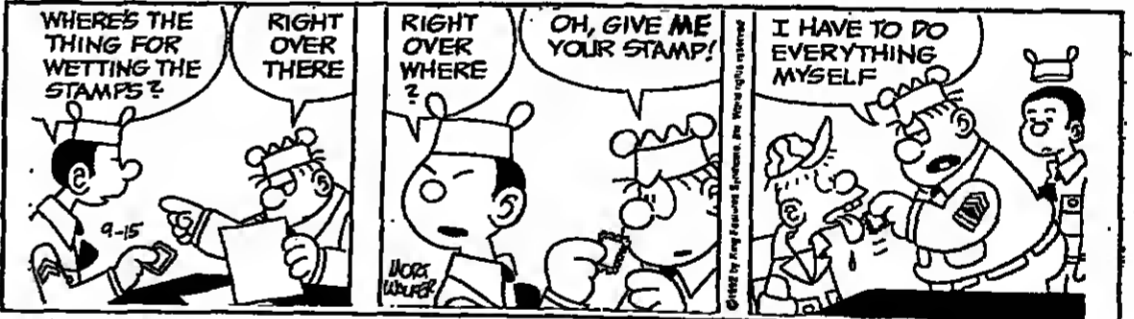
But to judge either "Children of the Arbat" or "Fear" on literary merit alone is to miss a vital point. At the time they were published in the Soviet Union, Solzhenitsyn's work was unavailable there. While readers of Solzhenitsyn in the old Soviet Union probably only number in the thousands, Rybakov's novels have now been read by millions. In this respect, both books should be judged more for the facts they present than as literature. The publication of Rybakov's novels gave the Soviets the first official confirmation of the extent of the atrocities perpetrated by a man whom many Soviets still regarded as God.

Julia Watson, Moscow correspondent for the British Daily Mail and the Evening Standard from 1984 to 1988, wrote this for The Washington Post.

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SPORTS U.S. OPEN

Edberg, in a Mere 4-Set Match, Beats Sampras in All-for-1 Final



Pete Sampras, his strength already sapped by a stomach virus, found 11 double faults too much for the burden when he converted just two of the 10 break points he earned.

By Robin Finn
NEW YORK—This was a duel with dual significance and a dizzying reward for the tennis player who commanded it.

Properly entranced for the occasion, Stefan Edberg shed his usual restraint, switched on the ignition and not only mounted a successful defense of his U.S. Open title but took the world's No. 1 ranking in the space of three personally glorious hours Sunday.

"The longer the match went on, the better I felt," said Edberg. "Mentally, I was feeling very strong."

"Anytime you can defend your title in a Slam, I mean, not many guys can do that," he added. "Defending my title, that's what I was here for, and becoming No. 1, that's kind of a nice present for me."

All of that personal and professional justification fell into the lap of the 25-year-old Swede at the expense of Pete Sampras, the Open's 1990 champion, who couldn't handle the sustained pressure Edberg applied in the course of his 3-6, 6-4, 7-5 (7-5), 6-2 victory.

Sampras, with his strength sapped by a stomach virus that sent him reeling from the Stadium Court after he toppled the former No. 1, Jim Courier, in the semifinals on Saturday night, faltered in the final set.

"I found myself at a point where my body couldn't do it," said Sampras, 21, who hadn't appeared in a Grand Slam final since he won his first and only title here two years ago.

Edberg, with his strength sapped by a stomach virus that sent him reeling from the Stadium Court after he toppled the former No. 1, Jim Courier, in the semifinals on Saturday night, faltered in the final set.

"I had my chances in the third set, but my serve kind of let me down," said Sampras, who classified this year, in which he won four titles, as a "just-miss."

His feelings about the year, he said, somewhat resembled his feelings about this match.

"It's a match I definitely could have won if I got the proper points, but he was the better man, he won the important points," said Sampras, who was hindered by 11 double faults and converted just two of the 10 break points he earned.

The Swede's sixth Grand Slam title did not come into his possession without a herculean effort: not since 1951 had any finalist had to play so many sets — 24 — just to reach the last round.

In the three previous rounds, Edberg was not only pushed to the fifth set, but also had to recover from being down a break in the final set of all three contests.

to duce in the 10th game. Set up with a break point, Edberg drove Sampras into a corner and then snipped a forehand volley into the vacant side of the court.

Matters proceeded on serve in the third set until the ninth game. Sampras gained a double break point that skimmed the net and hopped above Edberg's waiting racket.

Edberg demonstrated his anger over his poor show by slamming a second ball into the wall and then dropping his racket. Edberg's backhand volley saved the first break, but he walloped a forehand long to give Sampras a chance to serve for the set at 5-4.

Sampras saved one break point with a forehand blast, but he took a turn at indulging in some self-directed disgust when his best weapon deserted him and he double-faulted on the second break point.

For Sampras, it was the start of an uncharacteristic trend. In the third-set tiebreaker, he double-faulted to award Edberg a set point at 6-4, and lost the set with an overhit backhand. Then Sampras started the fourth set in the most inauspicious manner available.

Sampras might have been the less aggressive of these two serve-and-volley wizards in the opening set, but his passing shots made up for that. When he broke down Edberg's serve in the sixth game, it was the only window of opportunity he needed in the set.

Sampras used a forehand pass down the line to reach deuce, had his first break point of the set when Edberg spilled a forehand volley into the net and captured the game and a 4-2 advantage by ripping a backhand service return down the line.

Sampras sealed the set by pasting a 105-mpg (170-kph) ace past Edberg, who gave it a nod of acknowledgement but did not bother raising a racket to it.

In the second set, it was Edberg who carved out the only break of serve, and he accomplished it at prime time, in the 10th and final game. Sampras made a stirring recovery from a 0-40 deficit in the sixth game, but he double-faulted

There's a different feeling that you have about yourself when you're the No. 1," he said. "It doesn't show, but when you know in your soul that you're the best, it's a good feeling to have. Coming in second is not where I want to be."

Expos Gain On Homer By Walker

There was no walking around the bases for Larry Walker. "I'd say it was more of a home-run hop than a home-run trot," the Montreal Expos' right fielder said after hitting a three-run homer with one out in the bottom of the ninth inning for a 7-5 victory Sunday night over the visiting New York Mets.

Montreal's third straight victory cut first-place Pittsburgh's lead in the National League East to three games.

Marquis Grissom and Bret Barberie opened the ninth with singles off Anthony Young, and Ivan Calderon popped out to first before Walker hit Young's first pitch to left for his 22d homer of the year.

"I know a lot of pitchers, even in my own organization, try to get ahead of you with the first pitch," Walker said. "It's to their advantage to try to do that, but if it's there, I'm going to be cutting."

Montreal had runners on base in every inning except one against starter Dwight Gooden. Down by 5-2, they chased Gooden in the eighth when Calderon led off with a home run.

Lee Gueterman relieved and yielded a single to Walker. Greg Colburn's single off Jeff Innis sent Walker to third, and Tim Wallach's fielder's choice grounder cut the Mets' lead to 5-4 before Innis retired Gary Carter to end the inning.

Padres 3, Reds 1: In San Diego, Gary Sheffield hit his 31st homer of the season to help beat Cincinnati in the battle for second place in the NL West.

Frank Sembrano held the Reds to four hits over six innings as they lost for the 12th time in their last 18 games.



Stefan Edberg soaring to the No. 1 ranking: "It was a bumpy road. I really earned it this year."

A's and Jays Turning Races Into Romps

A week ago, it looked as if two pennant races were shaping up in the American League. That, though, was before Oakland and Toronto decided to spoil everyone else's fun.

The Athletics beat the visiting Seattle Mariners, 3-1, Sunday for their sixth straight victory and took a six-game lead in the West into Monday night's opener of a three-game series at home against the second-place Minnesota Twins.

"I've said all along that it's always a pennant race until you're mathematically eliminated," said the Orioles' manager Johnny Oates. "Right now we're not playing well enough to win."

The A's beat Seattle for the 14th straight time at the Coliseum, and are 10-0 against them this year. It was the Mariners' 11th loss in a row overall, one short of the team record.

thinking about is, "We've got a chance to win it. Right now." In the East, Toronto was only 1 1/2 games ahead of Baltimore last week. But the Blue Jays have won eight of 10 while the Orioles have

Bob Welch, making his first start since his third trip to the disabled list, and Kelly Downs held the Mariners hitless until Harold Reynolds singled with one out in the ninth inning. Jeff Russell relieved and gave up Greg Briley's RBI double before finishing for his 29th save, and first with Oakland.

Welch worked four innings in his return from an elbow injury. He left after throwing 46 pitches. Welch and Downs were trying to complete the seventh combined pitcher in the major leagues. The A's got one of them, on Sept. 28, 1975, when Vida Blue, Glenn Abbott, Paul Lindblad and Rolfe Fingers beat California 5-0.

Blue Jays 7, Rangers 2: In Arlington, Texas, John Olerud and Turner Ward homered as Toronto felled Kevin Brown's first bid for his 20th victory.

Brown gave up an RBI double to Olerud in the first, then allowed Olerud's three-run homer in the seventh.

Indians 2, White Sox 1: Kenny Lofton singled, stole his AL-leading 54th base and scored on a single by Felix Feenin in the 13th inning, giving Cleveland a three-game sweep in Chicago.

It was the fourth straight win for the Indians. The White Sox lost their fourth in a row.

Jack McDowell of the White Sox, seeking his 21st victory, left after nine innings. He gave up six hits, one walk and had a season-high nine strikeouts.

SCOREBOARD

BASEBALL

Major League Standings table showing team records for American League and National League.

Sunday's Line Scores

Table of game results for Sunday, including scores and key players.

AMERICAN LEAGUE

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The AP Top 25

Table of the Associated Press Top 25 college football rankings.

BASEBALL

Table of baseball game results.

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Table of football game results.

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ART BUCHWALD Millions for Voters

WASHINGTON — A gang of the cultural elite was sitting around drinking margaritas and eating refried beans when Lacey came rushing into the bar. "Have you heard the news? Bush is giving away millions of dollars in a desperate bid to win back the disillusioned voters."



Buchwald

"That's just for the people in Florida," Total said. "I started out in Florida, but he then handed out millions to the farmers in South Dakota, and he dumped a ton of cash on the aerospace workers in Texas. He's behaving like a drunk sailor."

World's Oldest Book Put on Display in Egypt

CAIRO — A 1,600-year-old Coptic Christian book, claimed by its guardians as the oldest surviving book in the world, went on display here this week after eight years of restoration.

"They turned us down when we submitted plans to build a statue to Jane Fonda on Pennsylvania Avenue," Lacey said. "Even after we promised she would be fully clothed."

Healy suggested, "If we promise the president he can count on us on Election Day he might reconsider honoring Jane."

I admitted, "I'd rather get a grant to study why Hollywood deals in sex and violence."

"You can't get one for that because all the people who make the films on sex and violence are working to re-elect President Bush. He's not going to write a check for someone who wants to expose Arnold Schwarzenegger, Tom Selleck and Chuck Norris."

"You are probably right," I agreed. "But I sure would like some of that Bush money while it's available. I wonder how much my vegetable garden is worth in agricultural subsidies?"

"Thousands," Lamper replied, "providing you convince your entire family to vote the straight GOP ticket."

Healy said, "There is something wrong about Bush using my tax money for his re-election."

"All presidents do it," Lacey claimed. "It's their prerogative. But Bush's mistake is to hand it out too early, because then the voter forgets who gave it to him."

"I'd like to see him ship some our way to finance a missile site," I said.

"Bush doesn't ship money," Lamper disagreed. "He brings it with him, so the press will see him handing it around. In that way the whole country will witness him playing Santa Claus in September."

"It's worth a try. If they turn us down, we'll propose the Quaver Center for Remedial Television, Disabilities."

Penhead, the Master of the New Horror

By Richard Harrington

NEW YORK — Happy, Clive Barker doesn't look like Clive Barker writes. If he did, he might look something like his most public creation, Pinhead, the Deacon of Darkness, the High Priest of Pain. With a literary twist, of course; imagine a grid of fountain pens symmetrically embedded in Barker's shaved head, dripping ink.

Barker is not the malevolent author-tear one might expect. At 40, dressed in black and fashion handsome, he looks positively benign, though one suspects the sign on the door of his hotel room here should say "Do Not Disturb." After all, that's what Barker has been doing for a decade now, with his "Books of Blood" and his "Hellraiser" movies (the third opened recently, about a month before yet another Barker-inspired chiller, "Candyman").

"The Cliff Notes on Clive Barker would tend to say that he's a troublemaker," says the maker of trouble. He's recently been sparring with the Motion Picture Association of America, which demanded certain trims before awarding "Hellraiser III: Hell on Earth" its R rating. The Liverpool-born Barker, who now lives in Los Angeles, is getting used to this process.

The first "Hellraiser," in 1987, had been low budget — \$2 million — and low profile, since Barker was just beginning to establish his reputation in America. Perhaps the anonymous citizens who staff the MPA's ratings board were caught unaware, even though the first movie was drenched in technicolor. By the time its sequel came out, so had the scissors.

"They didn't feel 'Hellraiser' was going to be seen by a lot of people, so I don't think they were concerned that much," Barker suggests. "By the time of 'Hellraiser II: Hellbound,' the 'Hellraiser' video had had some degree of success and notoriety, my books were published here, and I was a vocal presence saying the whole point of these movies was to break rules, to strike at taboos."

The "Hellraiser" series, full of blood and trauma, is hardly family values oriented. Nor is 1990's "Nightbreed," in which director Barker pushes his classic inversion in which society's authority figures tend to depravity.

In "Nightbreed" Barker created Midan, a neopagan refuge for the remnants of the world's great monsters, mutations and shape-shifters, driven from the light into recesses of human consciousness. This underworld was "a place where sins are forgiven," and it was obvious that Barker was on the side of the lovingly detailed monsters, who were nurturing and civilized compared with the human world trying to hunt them down.



Clive Barker: All in black, and looking positively benign.

The "Hellraiser" chronicles have been criticized for their images of torture and spilling out in detail the sadomasochistic nature of the villainous Cenobites, creatures punished for seeking the limits of pain and pleasure.

The MPA "knows who makes the movie, and they know that my political, religious, social and philosophical convictions are diametrically opposed to theirs and I am therefore the enemy," Barker says.

But we have met the enemy and he is charming. Bright, thoughtful, Barker reportedly had a happy childhood in Liverpool, where he was first drawn to (and started drawing) monsters, which he found endlessly fascinating. In the England where Barker grew up during the late 1950s and early 1960s, a ratings code kept youngsters out of all but the most innocuous horror films, but he was mesmerized by movie posters that invited him to embrace the bizarre.

Apparently no dismembered skeletons or eviscerated bodies are hidden away in Barker's psychic closet. But what pervades his consciousness is the notion of the fantastic, the artistic realm where he can explore the central conflict of horror's repulsion and attraction.

In Western culture, Barker says, "our imaginative lives are divided against themselves all the time, never more strongly than in the fantastic genre, where there is constantly this desire to destroy the thing that takes us to the fantastic in the first place. What is a more perfect dramatization of our confusion than to go to see monster movies in order to see monsters destroyed, even though what we really go to see is the monster?"

PEOPLE

Show Biz Superstars: Cosby Tops Richest List

BILL Cosby is the United States' highest-paid entertainer, Forbes magazine said in announcing its annual list of the top 40 money-makers in entertainment. Cosby is expected to earn about \$98 million in 1991 and 1992 combined. (In compiling the list, the magazine considers two years worth of income to smooth out big earnings swings.) Cosby is followed by Oprah Winfrey with \$88 million; Kenny Rogers with about \$71 million; New Kids on the Block, \$62 million; Steven Spielberg, \$57 million; and Michael Jackson, \$51 million. That's entertainment.

The columnist Dave Barry returned to the Arcola (Illinois) Broomcorn Festival to redeem himself, but says his performance with the Lawn Rangers precision mower drill team was even more absurd than last year's. Barry and about 70 rangers in Saturday's parade were filmed for a segment of the television special "Visions of America." Barry said he will have to try again next year. "I may have to march in a coffin," he said. "And I want to stress that the level of ability involved in the maneuvers is such that a corpse could perform them pretty much as well as a living human."

"The Story of Oju Ju," a Chinese comedy directed by Zhang Yimou about a peasant woman's experience with bureaucracy, won the Golden Lion award for best picture at the 49th Venice Film Festival. The movie's star, Gong Li, won the Volpi Cup for best actress, and Jack Lemmon won the best actor award for his role in "Glengarry Glen Ross." Three films won Silver Lions: "Jamon Jamon," by Spanish director Bigas Luna; "A Heart in Winter," by Claude Sautet of France; and the Romanj film "Hotel de Luxe," by D.J. Fitts.

Jane Maktaj, 34, the sister of Britain's Duchess of York, said Monday "I, Sydney that she has settled up of court a defamation case against Nationwide News, the publisher of "New Idea" magazine. The suit concerned an article published in 1990 about her marriage to the Australian cattle rancher Alex Maktaj. The magazine will publish an apology.

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